

**IN THE UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

In re:	)	Chapter 11
	)	
RALPH ROBERTS REALTY, LLC, <i>et al.</i> <sup>1</sup>	)	Case No. 12-53023
	)	(Jointly Administered)
	)	
Debtors.	)	Judge Thomas J. Tucker
	)	

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**FIRST AMENDED COMBINED PLAN OF REORGANIZATION AND DISCLOSURE  
STATEMENT OF RALPH ROBERTS REALTY LLC AND RALPH R. ROBERTS  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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AND RALPH R. ROBERTS

Dated: June 13, 2012

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<sup>1</sup> This case is jointly administered with the case of Ralph R. Roberts, Case No. 12-53024.

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	)	(Jointly Administered)
	)	
Debtors.	)	Judge Thomas J. Tucker
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**FIRST AMENDED PLAN OF REORGANIZATION OF  
RALPH ROBERTS REALTY, LLC AND RALPH R. ROBERTS UNDER CHAPTER 11  
OF THE BANKRUPTCY CODE**

Ralph Roberts Realty, LLC and Ralph R. Roberts (collectively, the “Debtors”) propose the following first amended plan of reorganization under sections 1121(a) and 1123 of title 11 of the United States Code.

The Debtors are the proponents of the Plan (as such term is defined below) within the meaning of section 1129 of the Bankruptcy Code (as such term is defined below). Reference is made to the Disclosure Statement (as such term is defined below), distributed contemporaneously herewith, for a discussion of the Debtors’ history, properties, results of operations, historical financial information, projections and risk factors, and for a summary and analysis of the Plan and certain related matters. All holders of Claims who are entitled to vote on the Plan are encouraged to read the Plan and the Disclosure Statement in their entirety before voting to accept or reject the Plan.

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<sup>1</sup> This case is jointly administered with the case of Ralph R. Roberts, Case No. 12-53024.

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## ARTICLE I

### **DEFINITIONS AND CONSTRUCTION OF TERMS**

1.1. Definitions. As used herein, the following terms have the respective meanings specified below:

1.1.1. Administrative Expense Claim means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the Debtors' bankruptcy estate, (b) any actual and necessary costs and expenses of the Debtors, (c) any costs and expenses of the Debtors in connection with the administration and implementation of the Plan, (d) all compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under sections 330 or 503 of the Bankruptcy Code, and (e) any fees or charges assessed against the Debtors under section 1930 of chapter 123 of title 28 of the United States Code.

1.1.2. Allowed means (i) with reference to any Claim, (a) any Claim against the Debtors which has been listed by the Debtors in their Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of claim has been filed, (b) any Claim Allowed hereunder, (c) any Claim which is not Disputed, (d) any Claim that is compromised, settled or otherwise resolved pursuant to a Final Order of the Bankruptcy Court or under the Plan, or (e) any Claim which, if Disputed, has been Allowed by Final Order; provided, however, that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder. Unless otherwise specified herein or by order of the Bankruptcy Court, "Allowed Administrative Expense Claim" or "Allowed Claim" shall not, for any purpose under the Plan, include Postpetition Interest, punitive damages or any fine or penalty on such Administrative Expense Claim or Allowed Claim from and after the Petition Date. For purposes of determining the amount of an Allowed Claim, there shall be deducted therefrom an amount equal to the amount of any claim which the Debtors may hold or assert against the holder thereof, to the extent such claim may be set off by the Debtors pursuant to sections 502(d) or 553 of the Bankruptcy Code.

1.1.3. Ballot means the form distributed to each holder of an impaired Claim that is entitled to vote to accept or reject the Plan, on which is to be indicated acceptance or rejection of the Plan as to eligible creditors in Classes 1 and 2.

1.1.4. Bankruptcy Code means title 11 of the United States Code, as amended from time to time.

1.1.5. Bankruptcy Court means the United States Bankruptcy Court for the Eastern District of Michigan, having jurisdiction of and over this bankruptcy case and, to the

extent of any reference under section 157 of title 28 of the United States Code, the unit of such District Court under section 151 of title 28 of the United States Code.

1.1.6. Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, and any Local Rules of the Bankruptcy Court.

1.1.7. Business Day means any day other than a Saturday, Sunday or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order, and the Friday after Thanksgiving.

1.1.8. Cash means legal tender of the United States of America or wire transfer from a domestic bank.

1.1.9. Causes of Action means, without limitation, any and all actions, causes of action, liabilities, obligations, rights, suits, damages, judgments, claims and demands whatsoever, whether known or unknown, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of this bankruptcy case, including through the Effective Date, including, without limitation, all avoidance actions arising under Chapter 5 of the Bankruptcy Code.

1.1.10. Chapter 11 Case means the jointly administered case under chapter 11 of the Bankruptcy Code commenced by the Debtors captioned *In re Ralph Roberts Realty, LLC and Ralph R. Roberts*, Chapter 11 Case No. 12-53023 currently pending before the Bankruptcy Court.

1.1.11. Claim has the meaning set forth in section 101(5) of the Bankruptcy Code.

1.1.12. Class means a category of holders of Claims as set forth in Article III of the Plan.

1.1.13. Collateral means any property or interest in property of the Debtors' bankruptcy estate subject to a Lien to secure the payment or performance of a Claim, which Lien or other encumbrance is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state law.

1.1.14. Confirmation Date means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on its docket.

1.1.15. Confirmation Hearing means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

1.1.16. Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.1.17. Confirmed means that the Confirmation Order has been entered on the docket of the Bankruptcy Court.

1.1.18. Cure means, subject to section 8.4 of the Plan, the distribution within thirty (30) days after the Effective Date of Cash, or such other property as may be agreed upon by the Debtors and the non-Debtor party or ordered by the Bankruptcy Court, with respect to the assumption of an executory contract or unexpired lease, pursuant to section 365(b) of the Bankruptcy Code, in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties, under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable bankruptcy law.

1.1.19. Debtors means Ralph Roberts Realty, LLC and Ralph R. Roberts.

1.1.20. Debtors in Possession means the Debtors in their capacity as debtors in possession in the Chapter 11 Case pursuant to sections 1101, 1107(a) and 1108 of the Bankruptcy Code.

1.1.21. Disclosure Statement means the disclosure statement relating to the Plan, including, without limitation, all exhibits and schedules thereto, as the same may be amended, supplemented or modified from time to time, and as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

1.1.22. Disputed means every Claim which has been or hereafter is listed in the Debtors' Schedules as unliquidated, disputed or contingent or which is not listed in the Debtors' Schedules, or which is disputed under the Plan or as to which the Debtors have interposed a timely objection and/or request for estimation in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, which objection and/or request for estimation has not been withdrawn or determined by a Final Order, and any Claim, proof of which was required to be filed by order of the Bankruptcy Court but as to which a proof of claim was not timely or properly filed. A Claim that is Disputed by the Debtors as to its amount only, shall be deemed Allowed in the amount the Debtors admit is owing, if any, and Disputed as to the excess.

1.1.23. Effective Date means the date that is 10 days after the Confirmation Order becomes a Final Order.

1.1.24. Entity shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

1.1.25. Final Order means an order of the Bankruptcy Court or any other court of competent jurisdiction as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for certiorari, reargue, or rehearing shall have been waived in writing in form and substance satisfactory to the Debtors, or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court or other court of competent jurisdiction shall have been upheld by the highest court to which such order was appealed, or from which certiorari, reargument or rehearing was sought and the time to take



any further appeal, petition for certiorari or move for reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or applicable state court rules of civil procedure, may be filed with respect to such order shall not cause such order not to be a Final Order.

1.1.26. First Distribution Date means the date that is sixty (60) days after the Effective Date, or, if such date is not a Business Day, the next succeeding Business Day.

1.1.27. Lien has the meaning set forth in section 101(37) of the Bankruptcy Code.

1.1.28. Person shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

1.1.29. Petition Date means May 25, 2012, the date the Debtors filed their voluntary chapter 11 petitions.

1.1.30. Plan means this first amended chapter 11 plan of reorganization, including, without limitation, any exhibits, supplements, appendices and schedules hereto, either in its present form or as the same may be altered, amended or modified from time to time.

1.1.31. Postpetition Interest means interest, commencing on the Commencement Date, on the then outstanding principal amount of an Allowed Claim at the rate determined in accordance with applicable nonbankruptcy law, subject to the Bankruptcy Code.

1.1.32. Priority Claim means any Claim of a governmental unit of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.1.33. Pro Rata means, when used with reference to a distribution of property to holders of Allowed Claims or Allowed Equity Interests in a particular Class or other specified group of Claims pursuant to Article III, proportionately so that with respect to a particular Allowed Claim in such Class or in such group, the ratio of (a)(i) the amount of property to be distributed on account of such Claim to (ii) the amount of such Claim is the same as the ratio of (b)(i) the amount of property to be distributed on account of all Allowed Claims in such Class or group of Claims to (ii) the amount of all Allowed Claims in such Class or group of Claims.

1.1.34. Realty means Ralph Roberts Realty, LLC, one of the Debtors in these Chapter 11 Cases.

1.1.35. Roberts means Ralph R. Roberts, the individual debtor in these jointly administered Chapter 11 Cases.

1.1.36. Schedules means the schedules of assets and liabilities, the lists of holders of Equity Interests and the statements of financial affairs filed by the Debtors under section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through and including the date by which objections to Claims must be filed with the Bankruptcy Court pursuant to section 7.1 of the Plan.

1.1.37. Secured Claim means any Claim, to the extent reflected in the Debtors' Schedules or a proof of claim as a Secured Claim, which is secured by a Lien on Collateral to the extent of the value of such Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code, or, in the event that such Claim is subject to a permissible setoff under section 553 of the Bankruptcy Code, to the extent of such permissible setoff.

1.2. Interpretation; Application of Definitions and Rules of Construction. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. Unless otherwise specified, all section, article, schedule or exhibit references in the Plan are to the respective Section in, Article of, Schedule to, or Exhibit to, the Plan. The words "herein," "hereof," "hereto," "hereunder" and other words of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.

## ARTICLE II

### **TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS AND DIP FACILITY CLAIMS**

2.1. Non-Classification. As provided in section 1123(a) of the Bankruptcy Code, Administrative Expense Claims and Priority Claims are not classified for the purposes of voting on or receiving distributions under the Plan. All such Claims are instead treated separately pursuant to the terms set forth in this Article II.

2.2. Administrative Expense Claims. Except to the extent that any Entity entitled to payment of an Allowed Administrative Expense Claim agrees to a less favorable treatment, each holder of an Allowed Administrative Expense Claim (save only Allowed Administrative Expense Claims for professional compensation and reimbursement of expenses that are specifically addressed in section 2.3 below) shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on the later of the Effective Date and the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course by the Debtors shall be paid in full in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions. The language in this paragraph is not applicable to any amounts owed to the Office of the United States Trustee.

The Debtors are aware of no Allowed Administrative Expense Claims as of the date of filing of this Plan.

2.3. Professional Compensation and Reimbursement Claims. All Entities seeking an award by the Bankruptcy Court of compensation for services rendered and reimbursement of expenses incurred through and including the Effective Date under sections 330 or 331 of the Bankruptcy Code or entitled to the priorities established pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code shall (a) file their respective final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Effective Date by no later than the date which is forty five (45) days after the Effective Date, or such other date as may be fixed by the Bankruptcy Court and (b) if granted such an award by the Bankruptcy Court, be paid in full in Cash in such amounts as are Allowed by the Bankruptcy Court, (i) on the later of the Effective Date and the date upon which such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable, (ii) upon such other terms as may be mutually agreed upon between such holder of an Administrative Expense Claim and the Debtors, or (iii) in accordance with the terms of any applicable administrative procedures order entered by the Bankruptcy Court.

The Debtors anticipate that Professional Compensation and Reimbursement Claims will be filed by Gold, Lange & Majoros, P.C., Sirianni & Company, PLLC in unknown amounts, and which may be subject to objection.

As of the date of this Plan, the Debtors anticipate retaining, but have not yet retained O'Reilly Rancilio as special contracts counsel to assist with management of investor contracts, Robert A. Novak PLLC and Schienke Staugaard & Hearsch to assist with eviction proceedings for which Realty acts as a property manager and Wolfe Law Group PLLC to assist with litigation associated with investor-owned properties, such as collections, evictions, and land contract forfeitures. The Debtors anticipate that all of these professionals will file claims against the estate in unknown amounts, which may be subject to objection.

The Debtors believe, however, that post-petition Professional Compensation and Reimbursement Claims will not exceed approximately \$20,000 per month.

2.4. Priority Claims. Except to the extent that a holder of an Allowed Priority Claim has been paid prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Claim shall receive, in full and complete settlement, satisfaction and discharge of its Allowed Priority Claim, equal annual Cash payments commencing on the first anniversary of the Effective Date totaling the amount of the Allowed Priority Claim, together with interest, over a period not exceeding five years. The Debtors, however, shall have the right to pay any Allowed Priority Claim, or any remaining balance, in full, at any time on or after the Effective Date, without premium or penalty.

The Debtors are unaware of any Allowed or allowable Priority Claims.

### ARTICLE III

#### **CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

Claims, other than Administrative Expense Claims and Priority Claims are classified for all purposes, including voting, confirmation and distribution pursuant to the Plan, below.

<u>Class</u>	<u>Class Composition</u>	<u>Amount of Claims in Class (Approx.)</u>	<u>Status</u>
Class 1 – Realty Hadel Secured Claims	Claims of Dennis Hadel, an investor in Realty, which is secured by rights setoff	Claims in Class 1 are approximately \$5,000.	Impaired – May Vote
Class 2 – Realty Bloodworth Secured Claims	Claims of Gary Bloodworth, an investor in Realty, which is secured by rights setoff	Claims in Class 2 are approximately \$5,000.	Impaired – May Vote
Class 3 – Realty Gio Investments Secured Claims	Claims of Gio Investments, LLC, an investor in Realty, which is secured by rights setoff	Claims in Class 3 are approximately \$2,500.	Impaired – May Vote
Class 4 – Realty Belcastro Secured Claims	Claims of Kimberly Belcastro, an investor in Realty, which is secured by rights setoff	Claims in Class 4 are approximately \$5,000.	Impaired – May Vote
Class 5 – Realty Forgione Secured Claims	Claims of Larry Forgione, an investor in Realty, which is secured by rights setoff	Claims in Class 5 are approximately \$5,000.	Impaired – May Vote
Class 6 – Realty Huffer Secured Claims	Claims of Michael Huffer, an investor in Realty, which is secured by rights	Claims in Class 6 are approximately \$5,000.	Impaired – May Vote

setoff

Class 7 – Realty Wilson Secured Claims	Claims of David Wilson, an investor in Realty, which is secured by rights setoff	Claims in Class 7 are approximately \$20,000.	Impaired – May Vote
Class 8 – Realty Unsecured Claims	All general unsecured claims against Realty, including, but not limited to, the claims listed on Realty’s Schedule F.	Claims in Class 8 are approximately \$76,000	Impaired – May Vote
Class 9 – Roberts Ally Secured Claim	Secured claim of Ally Financial.	Claims in Class 9 are approximately \$55,000	Impaired – May Vote
Class 10 – Roberts Unsecured Claims	All unsecured claims that have been or could be asserted against Mr. Roberts individually, other than guaranteed claims arising from settlement agreements with previous companies owned by Mr. Roberts	Claims in Class 10 are approximately \$200,000	Impaired – May Vote
Class 11 – Roberts Unsecured Guaranty Claims	All unsecured claims arising from settlement agreements related to the operations of previous companies owned by Mr. Roberts and corporate guarantees of	Claims in Class 11 are approximately \$7.7 million	Impaired – May Vote

indebtedness  
signed by Mr.  
Roberts

Class 12 – Roberts Equity  
Interests

Claims arising  
from ownership  
interests in Realty

N/A

Impaired – May  
Vote

## ARTICLE IV

### **TREATMENT OF CLAIMS AND EQUITY INTERESTS**

#### 4.1. Class 1 – Realty Hadel Secured Claims

(a) Impairment and Voting. Class 1 consists of the claims of Dennis Hadel, an investor in Ralph Roberts Realty, LLC, which are secured by rights of setoff, and which are impaired. Mr. Hadel is owed approximately \$5,000 by Realty, and Realty is owed \$5,000 with respect to each transaction Mr. Hadel completes with Realty as an investor. Whether Mr. Hadel is under- or over-secured depends on the number of transactions Mr. Hadel undertakes with Realty in the future; if that number exceeds 1, then Mr. Hadel is oversecured. Each holder of an Allowed Class 1 Claim is entitled to vote on the Plan.

(b) Treatment. Each holder of an Allowed Class 1 Claim shall retain its collateral and shall be paid either (i) the total amount of its secured claim in equal quarterly installments with interest at 6% or (ii) shall be entitled, under Realty's current investment program, to charge the amount of its claim against the acquisition fee for property purchased after the Effective Date. Either treatment may be selected by the holder of an Allowed Class 1 Claim; however, any quarterly installments paid under option (i) shall be deducted from the total credit available against acquisition fees. The treatment set forth herein is in full satisfaction of the Allowed Claims of Class 1, which shall not be entitled to any distribution on account of any potential deficiency claim.

#### 4.2. Class 2 – Realty Bloodworth Secured Claims

(a) Impairment and Voting. Class 2 consists of the claims of Gary Bloodworth, an investor in Ralph Roberts Realty, LLC, which are secured by rights of setoff, and which are impaired. Mr. Bloodworth is owed approximately \$5,000 by Realty, and Realty is owed \$5,000 with respect to each transaction Mr. Bloodworth completes with Realty as an investor. Whether Mr. Bloodworth is under- or over-secured depends on the number of transactions Mr. Bloodworth undertakes with Realty in the future; if that number exceeds 1, then Mr. Bloodworth is oversecured. Each holder of an Allowed Class 2 Claim is entitled to vote on the Plan.

(b) Treatment. Each holder of an Allowed Class 2 Claim shall retain its collateral and shall be paid either (i) the total amount of its secured claim in equal quarterly installments with interest at 6% or (ii) shall be entitled, under Realty's current investment

program, to charge the amount of its claim against the acquisition fee for property purchased after the Effective Date. Either treatment may be selected by the holder of an Allowed Class 2 Claim; however, any quarterly installments paid under option (i) shall be deducted from the total credit available against acquisition fees. The treatment set forth herein is in full satisfaction of the Allowed Claims of Class 2, which shall not be entitled to any distribution on account of any potential deficiency claim.

#### 4.3. Class 3 – Realty Gio Investments Secured Claims

(a) Impairment and Voting. Class 3 consists of the claims of Gio Investments, LLC, an investor in Ralph Roberts Realty, LLC, which are secured by rights of setoff, and which are impaired. Gio Investments is owed approximately \$2,500 by Realty, and Realty is owed \$5,000 with respect to each transaction Gio Investments completes with Realty as an investor. Whether Gio Investments is under- or over-secured depends on the number of transactions Gio Investments undertakes with Realty in the future; if that number exceeds 1, then Gio Investments is oversecured. Each holder of an Allowed Class 3 Claim is entitled to vote on the Plan.

(b) Treatment. Each holder of an Allowed Class 3 Claim shall retain its collateral and shall be paid either (i) the total amount of its secured claim in equal quarterly installments with interest at 6% or (ii) shall be entitled, under Realty's current investment program, to charge the amount of its claim against the acquisition fee for property purchased after the Effective Date. Either treatment may be selected by the holder of an Allowed Class 3 Claim; however, any quarterly installments paid under option (i) shall be deducted from the total credit available against acquisition fees. The treatment set forth herein is in full satisfaction of the Allowed Claims of Class 3, which shall not be entitled to any distribution on account of any potential deficiency claim.

#### 4.4. Class 4 – Realty Belcastro Secured Claims

(a) Impairment and Voting. Class 4 consists of the claims of Kimberly Belcastro, an investor in Ralph Roberts Realty, LLC, which are secured by rights of setoff, and which are impaired. Ms. Belcastro is owed approximately \$5,000 by Realty, and Realty is owed \$5,000 with respect to each transaction Ms. Belcastro completes with Realty as an investor. Whether Ms. Belcastro is under- or over-secured depends on the number of transactions Ms. Belcastro undertakes with Realty in the future; if that number exceeds 1, then Ms. Belcastro is oversecured. Each holder of an Allowed Class 4 Claim is entitled to vote on the Plan.

(b) Treatment. Each holder of an Allowed Class 4 Claim shall retain its collateral and shall be paid either (i) the total amount of its secured claim in equal quarterly installments with interest at 6% or (ii) shall be entitled, under Realty's current investment program, to charge the amount of its claim against the acquisition fee for property purchased after the Effective Date. Either treatment may be selected by the holder of an Allowed Class 4 Claim; however, any quarterly installments paid under option (i) shall be deducted from the total credit available against acquisition fees. The treatment set forth herein is in full satisfaction of

the Allowed Claims of Class 4, which shall not be entitled to any distribution on account of any potential deficiency claim.

#### 4.5. Class 5 – Realty Forgione Secured Claims

(a) Impairment and Voting. Class 5 consists of the claims of Larry Forgione, an investor in Ralph Roberts Realty, LLC, which are secured by rights of setoff, and which are impaired. Mr. Forgione is owed approximately \$5,000 by Realty, and Realty is owed \$5,000 with respect to each transaction Mr. Forgione completes with Realty as an investor. Whether Mr. Forgione is under- or over-secured depends on the number of transactions Mr. Forgione undertakes with Realty in the future; if that number exceeds 1, then Mr. Forgione is oversecured. Each holder of an Allowed Class 5 Claim is entitled to vote on the Plan.

(b) Treatment. Each holder of an Allowed Class 5 Claim shall retain its collateral and shall be paid either (i) the total amount of its secured claim in equal quarterly installments with interest at 6% or (ii) shall be entitled, under Realty's current investment program, to charge the amount of its claim against the acquisition fee for property purchased after the Effective Date. Either treatment may be selected by the holder of an Allowed Class 5 Claim; however, any quarterly installments paid under option (i) shall be deducted from the total credit available against acquisition fees. The treatment set forth herein is in full satisfaction of the Allowed Claims of Class 5, which shall not be entitled to any distribution on account of any potential deficiency claim.

#### 4.6. Class 6 – Realty Huffer Secured Claims

(a) Impairment and Voting. Class 6 consists of the claims of Michael Huffer, an investor in Ralph Roberts Realty, LLC, which are secured by rights of setoff, and which are impaired. Mr. Huffer is owed approximately \$5,000 by Realty, and Realty is owed \$5,000 with respect to each transaction Mr. Huffer completes with Realty as an investor. Whether Mr. Huffer is under- or over-secured depends on the number of transactions Mr. Huffer undertakes with Realty in the future; if that number exceeds 1, then Mr. Huffer is oversecured. Each holder of an Allowed Class 6 Claim is entitled to vote on the Plan.

(b) Treatment. Each holder of an Allowed Class 6 Claim shall retain its collateral and shall be paid either (i) the total amount of its secured claim in equal quarterly installments with interest at 6% or (ii) shall be entitled, under Realty's current investment program, to charge the amount of its claim against the acquisition fee for property purchased after the Effective Date. Either treatment may be selected by the holder of an Allowed Class 6 Claim; however, any quarterly installments paid under option (i) shall be deducted from the total credit available against acquisition fees. The treatment set forth herein is in full satisfaction of the Allowed Claims of Class 6, which shall not be entitled to any distribution on account of any potential deficiency claim.

#### 4.7. Class 7 – Realty Wilson Secured Claims

(a) Impairment and Voting. Class 7 consists of the claims of David Wilson, an investor in Ralph Roberts Realty, LLC, which are secured by rights of setoff, and which are impaired. Mr. Wilson is owed approximately \$20,000 by Realty, and Realty is owed



\$5,000 with respect to each transaction Mr. Wilson completes with Realty as an investor. Whether Mr. Wilson is under- or over-secured depends on the number of transactions Mr. Wilson undertakes with Realty in the future; if that number exceeds 1, then Mr. Wilson is oversecured. Each holder of an Allowed Class 7 Claim is entitled to vote on the Plan.

(b) Treatment. Each holder of an Allowed Class 7 Claim shall retain its collateral and shall be paid either (i) the total amount of its secured claim in equal quarterly installments with interest at 6% or (ii) shall be entitled, under Realty's current investment program, to charge the amount of its claim against the acquisition fee for property purchased after the Effective Date. Either treatment may be selected by the holder of an Allowed Class 7 Claim; however, any quarterly installments paid under option (i) shall be deducted from the total credit available against acquisition fees. The treatment set forth herein is in full satisfaction of the Allowed Claims of Class 7, which shall not be entitled to any distribution on account of any potential deficiency claim

#### 4.8. Class 8 – Realty Unsecured Claims

(a) Impairment and Voting. Class 8 consists of all general unsecured claims against Realty and is impaired by the Plan. Each holder of an Allowed Class 8 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. All holders of Class 8 - Realty Unsecured Claims will receive, in full and complete settlement, satisfaction and discharge of their claims, cash payments in quarterly installments over five years beginning on the First Distribution Date in an amount equal to such holder's share of \$1,077,656.00 as follows: each holder's pro rata share of \$48,892.00 in Year 1 of the Plan; each holder's pro rata share of \$140,500.00 in Year 2 of the Plan; each holder's pro rata share of \$256,996.00 in Year 3 of the Plan; each holder's pro rata share of \$296,492.00 in Year 4 of the Plan and each holder's pro rata share of \$334,776.00 in Year 5 of the Plan. Such \$1,077,656.00 will be shared among holders of Allowed Class 8 Claims, Allowed Class 10 Claims and Allowed Class 11 Claims.

#### 4.9. Class 9 – Roberts Ally Secured Claims

(a) Impairment and Voting. Class 9 consists of the claim of Ally Financial and is impaired by the Plan. Each holder of an Allowed Class 9 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. Ally Financial, the only claimant in Class 9, shall retain, on the Effective Date, a lien on its prepetition collateral. Ally Financial shall also retain all payments received by it during this chapter 11 case. The total value of the GMC Yukon, which secures Mr. Roberts' debt to Ally Financial is approximately \$39,378 as of the Petition Date. Accordingly, Ally Financial will receive new five-year note in the amount of \$39,378, providing for interest at 6% and total monthly payments, including interest, of \$761.29 in full satisfaction of its claim and its claim against any guarantors, including personal guarantors. Ally Financial's unsecured deficiency claim shall be paid as a Class 10 Roberts Unsecured Claim. The foregoing shall be in full and complete settlement, satisfaction and discharge of the Claim of Ally Financial.

#### 4.10. Class 10 – Roberts Unsecured Claims

(a) Impairment and Voting. Class 10 consists of all general unsecured claims against Mr. Roberts, including the unsecured deficiency claim of Ally Financial, but not any claims related to corporate debt guaranteed by Mr. Roberts individually, or unsecured debt arising out of confidential settlement agreements. Each holder of an Allowed Class 10 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. All holders of Class 10 - Roberts Unsecured Claims will receive, in full and complete settlement, satisfaction and discharge of their claims, cash payments in quarterly installments over five years beginning on the First Distribution Date in an amount equal to such holder's share of \$1,077,656.00 as follows: each holder's pro rata share of \$48,892.00 in Year 1 of the Plan; each holder's pro rata share of \$140,500.00 in Year 2 of the Plan; each holder's pro rata share of \$256,996.00 in Year 3 of the Plan; each holder's pro rata share of \$296,492.00 in Year 4 of the Plan and each holder's pro rata share of \$334,776.00 in Year 5 of the Plan. Such \$1,077,656.00 will be shared among holders of Allowed Class 8 Claims, Allowed Class 10 Claims and Allowed Class 11 Claims.

#### 4.11. Class 11 – Roberts Unsecured Guaranty Claims

(a) Impairment and Voting. Class 11 consists of all general unsecured guaranty claims against Mr. Roberts, claims related to corporate debt guaranteed by Mr. Roberts individually, or unsecured debt arising out of confidential settlement agreements. Each holder of an Allowed Class 11 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. All holders of Class 11 - Roberts Unsecured Guaranty Claims will receive, in full and complete settlement, satisfaction and discharge of their claims, cash payments in quarterly installments over five years beginning on the First Distribution Date in an amount equal to such holder's share of \$1,077,656.00 as follows: each holder's pro rata share of \$48,892.00 in Year 1 of the Plan; each holder's pro rata share of \$140,500.00 in Year 2 of the Plan; each holder's pro rata share of \$256,996.00 in Year 3 of the Plan; each holder's pro rata share of \$296,492.00 in Year 4 of the Plan and each holder's pro rata share of \$334,776.00 in Year 5 of the Plan. Such \$1,077,656.00 will be shared among holders of Allowed Class 8, Allowed Class 10 Claims and Allowed Class 11 Claims.

#### 4.12. Class 12 – Equity Interests

(a) Impairment and Voting. Class 5 consists of all equity interests in Realty, which are currently held 20% by Mr. Roberts and 80% by Rowland Family, LLC. This class is impaired by the Plan. Each holder of an Allowed Class 5 Claim is entitled to vote to accept or reject the Plan.

(b) Treatment. After the Effective Date, all existing ownership interests in Realty shall be cancelled and Ralph R. Roberts, in consideration for release and waiver of his claims against Realty, which are approximately \$1,350,000.00 shall receive a 100% ownership interest in the Reorganized Realty.

## ARTICLE V

### **PROVISIONS GOVERNING ACCEPTANCE OR REJECTION OF THE PLAN**

#### 5.1. Voting of Claims

(a) Each holder of an Allowed Claim in an impaired Class of Claims that is entitled to vote on the Plan pursuant to Articles III and IV of the Plan shall be entitled to vote to accept or reject the Plan as provided in such order as is entered by the Bankruptcy Court establishing procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other order(s) of the Bankruptcy Court.

(b) All votes on the Plan shall be tabulated on a non-consolidated basis by Class and by Debtor for the purpose of determining whether the Plan satisfies sections 1129(a)(8) and/or (10) of the Bankruptcy Code. If no holders of Claims or Equity Interests eligible to vote in a particular Class vote to accept or reject the Plan, the Plan shall be deemed accepted by the holders of such Claims or Equity Interests in such Class.

5.2. Elimination of Vacant Classes. Any Class of Claims that is not occupied as of the date of commencement of the Confirmation Hearing by the holder of an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 (*i.e.*, no Ballots are cast in a Class entitled to vote on the Plan) shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

5.3. Nonconsensual Confirmation. If any impaired Class of Claims entitled to vote does not accept the Plan by the requisite statutory majorities provided in section 1126(c) of the Bankruptcy Code, the Debtors reserve the right to amend the Plan in accordance with section 13.7 hereof or undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code or both. With respect to any impaired Classes of Claims that are deemed to reject the Plan, the Debtors shall request the Bankruptcy Court to confirm the Plan under section 1129(b) of the Bankruptcy Code.

## ARTICLE VI

### **PROVISIONS GOVERNING DISTRIBUTIONS**

6.1. Distributions for Claims Allowed as of the Effective Date. Except as otherwise provided in this Article VI, distributions of Cash to be made on the Effective Date to holders of Allowed Claims shall be deemed made on the Effective Date if made on the Effective Date or as soon thereafter as practicable, but in any event no later than: (i) thirty (30) days after the Effective Date; or (ii) with respect to any particular Claim, such later date when the applicable conditions of sections 8.3 and 8.4 (regarding Cure payments for executory contracts and unexpired leases being assumed) or section 6.4(c) (regarding undeliverable distributions), as applicable, are satisfied. Distributions on account of Claims that become Allowed Claims after the Effective Date will be made pursuant to section 7.4 of the Plan.

6.2. Prepayment Right. The Debtors retain the right to prepay any Allowed Claim in their business judgment.

6.3. Disbursements, Generally. All distributions under the Plan shall be made by the Debtors or such other Person designated by them. All distributions under the Plan shall be made in accordance with the priorities established by the Plan. Any Cash payment to be made pursuant to the Plan may be made by check or wire transfer.

Distributions to the holders of Allowed Claims will be made as follows: (i) at the respective addresses set forth in the Schedules unless superseded by the address set forth on the proofs of claim filed by holders of Claims, or (ii) at the address set forth in any written notice of address change delivered to the Debtors after the date of filing of any proof of claim.

Returned or otherwise undeliverable Distributions will remain in the possession of the Debtors until such time as a distribution becomes deliverable. The Debtors may, but shall not be required to, take reasonable steps to attempt to deliver the distribution to the holder of the Allowed Claim. Any holder of an Allowed Claim that does not advise the Debtors that it has not received its, his or her distribution within one hundred and twenty (120) days after the date of attempted distribution will have its, his or her Claim for such undeliverable distribution discharged and will be forever barred from asserting any such Claim against the Debtors or their property. In such cases, undeliverable distributions will become the Debtors' property, free of any restrictions thereon

(a) Timing of Distributions. In the event any payment, distribution or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or distribution or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

6.4. Setoffs. The Debtors may, but shall not be required to, setoff against any Claim (for purposes of determining the Allowed amount of such Claim in respect of which distribution shall be made), any claims of any nature whatsoever that they may have against the holder of such Claim.

## ARTICLE VII

### **PROCEDURES FOR RESOLVING AND TREATING DISPUTED ADMINISTRATIVE EXPENSE CLAIMS AND CLAIMS**

7.1. Objections to and Resolution of Administrative Expense Claims and Claims.. Except as to applications for allowance of compensation and reimbursement of expenses under sections 330, 331 and 503 of the Bankruptcy Code, the Debtors shall, on and after the Effective Date, have the exclusive right to make and file objections to Administrative Expense Claims and Claims and shall have the authority to compromise, settle, otherwise resolve or withdraw any objections to Administrative Expense Claims and Claims and compromise,

settle or otherwise resolve Disputed Administrative Expense Claims and Disputed Claims without approval of the Bankruptcy Court.

Unless otherwise ordered by the Bankruptcy Court, the Debtors shall file all objections to Administrative Expense Claims and Claims that are the subject of proofs of claim or requests for payment filed with the Bankruptcy Court (other than applications for allowances of compensation and reimbursement of expenses), and serve such objections upon the holder of the Administrative Expense Claim or Claim as to which the objection is made as soon as is practicable, but in no event later than one hundred and twenty (120) days after the Effective Date, or such later date as may be approved by the Bankruptcy Court.

7.2. No Distribution Pending Allowance. Notwithstanding any other provision of the Plan, no Cash shall be distributed under the Plan on account of any Disputed Claim unless and until such Claim is deemed Allowed.

7.3. Estimation. The Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether they have previously objected to such Claim. In the event the Bankruptcy Court estimates any contingent or Disputed Claim, the estimated amount may constitute a maximum limitation on such Claim, as determined by the Bankruptcy Court. Notwithstanding this, the Debtors may elect to pursue any supplemental proceedings to object to the allowance and payment of such Claim. All of the aforementioned Claims objection and estimation procedures are cumulative and not exclusive of one another.

## ARTICLE VIII

### EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.1. Assumption of Executory Contracts and Unexpired Leases. All executory contracts and unexpired leases that exist between the Debtors and any Person or Entity shall be deemed assumed by them on the Confirmation Date and effective as of the Effective Date, except for any executory contract or unexpired lease (i) that has been rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date, (ii) as to which a motion for approval of the rejection of such executory contract or unexpired lease has been filed and served prior to the Confirmation Date or (iii) listed on Exhibit I hereto.

8.2. Rejection of Certain Contracts Each contract and lease listed on Exhibit I to the Plan will be rejected only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. The Debtors reserve the right, at any time on or prior to the Effective Date, to amend Exhibit I to the Plan to add or delete any contract or lease. The Confirmation Order will constitute an order of the Bankruptcy Court approving the rejection of any executory contract or unexpired lease listed on Exhibit I to the Plan, provided that the Effective Date occurs. Any Allowed Claims for rejection damages shall be included in Class 8 – Realty Unsecured Claims.

8.3. Approval of Assumption of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall, subject to and conditioned upon the occurrence

of the Effective Date, constitute the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the executory contracts and unexpired leases assumed pursuant to section 8.1 hereof, effective as of the Effective Date.

8.4. Cure of Defaults. Except as may otherwise be agreed to by the Debtors and the non-Debtor party to a particular contract or lease, any and all undisputed defaults under any executory contract or unexpired lease assumed by them shall be satisfied by Cure, in accordance with section 365(b)(1) of the Bankruptcy Code. “Cure,” with respect to an assumed executory contract or unexpired lease, means the distribution, within thirty (30) days after the Effective Date of Cash, or such other property as may be agreed upon by the Debtors and the non-Debtor party or ordered by the Bankruptcy Court, in an amount equal to all unpaid monetary obligations (without interest), to the extent such obligations are enforceable under applicable law, or such other amount as may be agreed upon by the parties.

The Debtors believe that there are no defaults with respect to any executory contracts and unexpired leases.

## **ARTICLE IX**

### **MEANS FOR IMPLEMENTATION OF THE PLAN**

9.1. Funding of the Plan. Cash payments required under the Plan may be funded from existing Cash balances on and after the Effective Date and cash flow from Realty’s operations.

9.2. Direction to Parties. From and after the Effective Date, the Debtors may apply to the Bankruptcy Court for an order directing any necessary party to execute or deliver, or to join in the execution or delivery of, any instrument required to effect a transfer of property dealt with by the Plan, and to perform any other act, including the satisfaction of any Lien, that is necessary for the consummation of the Plan, pursuant to section 1142(b) of the Bankruptcy Code.

## **ARTICLE X**

### **EFFECT OF CONFIRMATION OF PLAN**

10.1. Term of Bankruptcy Injunction or Stays. Unless otherwise provided in the Confirmation Order, all injunctions or stays provided for in this case under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

10.2. Causes of Action Reserved and Preserved. As of the Effective Date, any and all Causes of Action, including, without limitation, avoidance actions accruing to the Debtors under Chapter 5 of the Bankruptcy Code, actions against former investors for turnover of unpaid accounts receivable, actions against former investors for an accounting of amounts paid, and potential claims for wrongful prosecution, which are listed on Exhibit E to the Plan, shall be reserved and preserved by, and for the benefit of, the Debtors. To the extent that the Debtors recover any amounts with respect to these actions, the net amount recovered after the

costs of prosecution shall be distributed pro-rata to holders of Allowed Class 8, Allowed Class 10 and Allowed Class 11 claims on the next Distribution Date after the recovery of the proceeds.

10.3. Discharge of Debtors. Except as may otherwise be provided in the Plan or Confirmation Order, the rights afforded and the payments and Distributions to be made and the treatment under the Plan will be in complete exchange for, and in full and unconditional settlement, satisfaction, discharge, and release of any and all existing debts and Claims of any kind, nature or description whatsoever against the Debtors and their assets, their property or their estates, and will effect a full and complete release, discharge, and termination of all Liens, security interests, or other claims, interests, or encumbrances upon all of the Debtors' assets and property. Further, all Persons are precluded from asserting, against any property of the Debtors, or any Property that is to be distributed under the terms of the Plan, any Claims, obligations, rights, causes of action, or liabilities based upon any act, omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, other than as expressly provided for in the Plan or Confirmation Order, whether or not the holder of a Claim based upon such debt has accepted the Plan and whether or not such holder is entitled to a distribution under the Plan.

Mr. Roberts shall not receive a discharge under until an order is entered by the Court and after all payments have been made under this Plan, unless the Debtors file a motion pursuant to 11 U.S.C. 1141(5)(A) or (B) to seek discharge prior to completion of the Plan

10.4. Injunction. Except as may otherwise be provided in the Plan or Confirmation Order, all Persons who have held, hold or may hold Claims against the Debtors are, with respect to any such Claims, permanently enjoined from and after the Confirmation Date from taking any of the following actions (other than actions to enforce any rights or obligations under the Plan): (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors or any of their property; (b) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtors or any of their property; (c) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors or any of their property; or (d) prosecuting or otherwise asserting any right, claim or cause of action released pursuant to the Plan.

Except as otherwise specifically provided in the Plan, nothing in the Plan will be deemed to waive, limit, or restrict in any way the discharge granted to the Debtors upon Confirmation of the Plan by Section 1141 of the Bankruptcy Code.

10.5. Comprehensive Settlement of Claims and Controversies. Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good faith compromise and settlement of all claims or controversies relating to the rights that a holder of a Claim may have with respect to any Allowed Claim or any distribution to be made pursuant to the Plan on account of any Allowed Claim. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies, and the Bankruptcy Court's finding that all such compromises or settlements are

in the best interests of the Debtors, their estate and the holders of Claims and are fair, equitable and reasonable.

10.6. Binding Effect. Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the Plan shall be binding upon and inure to the benefit of the Debtors and the holders of Claims and their respective successors and assigns, whether or not the Claim of such holder is impaired under the Plan, whether or not such holder has accepted the Plan and whether or not such holder is entitled to a distribution under the Plan.

## **ARTICLE XI**

### **EFFECTIVENESS OF THE PLAN**

11.1. Conditions Precedent to Confirmation. The following are conditions precedent to the entry of the Confirmation Order, unless such conditions, or any of them, have been satisfied or duly waived pursuant to section 11.5 of the Plan:

- (a) The Confirmation Order is in form and substance reasonably satisfactory to the Debtors.
- (b) The Plan shall not have been materially amended, altered or modified from the Plan as filed on May 25, 2012, unless such material amendment, alteration or modification has been made in accordance with section 13.7 of the Plan.
- (c) All Exhibits to the Plan are in form and substance reasonably satisfactory to the Debtors.

11.2. Conditions Precedent to Occurrence of Effective Date. The following are conditions precedent to the occurrence of the Effective Date for the Plan, unless such conditions, or any of them, have been satisfied or duly waived pursuant to section 11.5 of the Plan:

- (a) The Bankruptcy Court shall have entered the Confirmation Order.
- (b) The Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) approving and authorizing the Debtors to take all actions necessary or appropriate to implement the Plan, and all contracts, instruments, releases and other agreements or documents entered into or delivered in connection with the Plan.
- (c) No stay of the Confirmation Order shall then be in effect.
- (d) The Plan and all Exhibits to the Plan shall not have been materially amended, altered or modified from the Plan as confirmed by the Confirmation Order.

11.3. Waiver of Conditions. The conditions precedent to the entry of the Confirmation Order and to the occurrence of the Effective Date may be waived, in whole or in part, at any time by the written agreement of the Debtors without an order of the Bankruptcy Court.



## ARTICLE XII

### **RETENTION OF JURISDICTION**

12.1. Jurisdiction of Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of any Claims resulting therefrom;

(b) To hear and determine any and all adversary proceedings, applications and contested matters, even if filed after confirmation of the Plan;

(c) To hear and determine any objections to Administrative Expense Claims or Claims;

(d) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(e) To issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(f) To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(g) To hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331 and 503(b) of the Bankruptcy Code;

(h) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(i) To recover all of the Debtors' assets and property of their estates, wherever located;

(j) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(k) To hear and determine any requests by the Debtors to sell any asset pursuant to section 363 of the Bankruptcy Code;

(l) To hear any other matter not inconsistent with the Bankruptcy Code;

(m) To hear and determine all actions pursuant to sections 105, 502, 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code, any collection matters related thereto, and settlements thereof;

(n) To hear and determine any disputes concerning quarterly fees owing or claimed to be owing to the office of the U.S. Trustee under 28 U.S.C. § 1930; and

(o) To enter a final decree closing this cases.

### **ARTICLE XIII**

#### **MISCELLANEOUS PROVISIONS**

13.1. Effectuating Documents and Further Transactions. The Debtors are each authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and to take such actions as may be necessary or appropriate to effectuate and further evidence the transactions set forth in, and the terms and conditions of, the Plan.

13.2. Committee. On the Effective Date, any official committee and/or unofficial or ad hoc committees shall be dissolved and its members released and discharged of any further duties and responsibilities and the retention or employment of the such committee or committees' professionals shall also terminate, except that such committee or committees and their respective professionals may prepare, file and seek approval of their respective applications for final allowances of compensation and reimbursement of expenses.Post Effective Date Fees and Expenses. From and after the Effective Date, the Reorganized Debtors may, in the ordinary course of business and without the necessity of any approval by the Bankruptcy Court, pay the reasonable fees and expenses of professional persons incurred by the Debtors in connection with the implementation and consummation of the Plan, the reconciliation of Claims, the prosecution of Causes of Action, or any other matters as to which such professionals are employed.

13.4. Payment of Statutory Fees. All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on the Effective Date and the Debtors shall prepare and submit such post-confirmation reports as may be required. The Debtors shall continue to remit to the office of the United States Trustee all appropriate post confirmation monthly reports/affidavits for all relevant time periods and shall continue to remit quarterly fee payments in full based on all disbursements for the relevant period(s) until the case is closed by order of the court. To the extent any monthly reports/affidavits are not timely provided or fees are not paid in full, this case may be re-opened by the office of the United States Trustee to file such Motions or take such action as appropriate to be provided with such reports and paid any fees owed or due.

13.5. Effect of Conversion. In the event this case is converted to a chapter 7 case, all property of the Debtors shall re-vest in the converted estate.

13.6. Amendment or Modification of the Plan. Alterations, amendments or modifications of or to the Plan may be proposed in writing by the Debtors at any time prior to

the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code. The Plan may be altered, amended or modified by the Debtors at any time after the Confirmation Date and before substantial consummation, provided that the Plan, as altered, amended or modified, satisfies the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under section 1129 of the Bankruptcy Code and the circumstances warrant such alterations, amendments or modifications. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder. Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan or the Disclosure Statement without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims.

13.7. Severability. In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the holder or holders of such Claims as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidness or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan and shall not require the resolicitation of any acceptance or rejection of the Plan unless otherwise ordered by the Bankruptcy Court.

13.8. Revocation or Withdrawal of the Plan. The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any claims by or against the Debtors or any other Person or Entity or to prejudice in any manner the rights of the Debtors or any Person or Entity in any further proceedings involving the Debtors.

13.9. Notices. All notices, requests and demands to or upon the Debtors to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

*If to the Debtors:*

12900 Hall Rd., Suite 190  
Sterling Heights, MI 48313

*with a copy to:*

Hannah Mufson McCollum  
Gold, Lange & Majoros, P.C.  
24901 Northwestern Hwy., Suite 444  
Southfield, MI 48075  
Facsimile: 248-350-0519

13.10. Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent any exhibit to the Plan provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan, without giving effect to the principles of conflicts of law of such jurisdiction.

13.11. Withholding and Reporting Requirements. In connection with the consummation of the Plan, the Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

13.12. Headings. Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

13.13. Exhibits. All exhibits to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

13.14. Filing of Additional Documents. On or before confirmation of the Plan, the Debtors shall file with the Bankruptcy Court such agreements and other documents, if any, as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

13.15. Plan Controls. To the extent the Plan is inconsistent with the Disclosure Statement, the provisions of the Plan shall be controlling.

13.16. Section 1125(e) of the Bankruptcy Code. The Debtors have, and upon confirmation of the Plan shall be deemed to have, solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code.

13.17. Return of Security Deposits. Unless the Debtors have agreed otherwise in a written agreement or stipulation approved by the Bankruptcy Court, all security deposits provided by the Debtors to any Person or Entity at any time after the Commencement Date shall be returned to the Debtors within twenty (20) days after the Effective Date, without deduction or offset of any kind.


13.18. Bar Date for Administrative Expense Claims. The Confirmation Order will establish a bar date for Administrative Expense Claims other than for Administrative Expense Claims for professional compensation and reimbursement of expenses of professionals. Holders of Allowed Administrative Expense Claims not paid prior to the Effective Date shall submit proofs of claim on or before such bar date or be forever barred from doing so. The notice of confirmation delivered pursuant to Bankruptcy Rules 3020(c) and 2002(f) will set forth such date and constitute notice of the bar date for Administrative Expense Claims. The Debtors shall

have thirty (30) days or such longer period as may be allowed by order of the Bankruptcy Court to review and object to such Administrative Expense Claims before a hearing for determination and allowance of such Administrative Expense Claims. This paragraph does not apply to any amounts that may be owed to the Office of the United States Trustee.


13.19. Tax Liability. The Debtors are hereby authorized to request an expedited determination under section 505(b) of the Bankruptcy Code of any tax liability for all taxable periods ending after the Commencement Date through and including the Effective Date.

13.20. Time. In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

Dated: June 13, 2012

  
\_\_\_\_\_  
RALPH ROBERTS REALTY, LLC  
BY: Ralph R. Roberts  
ITS: President

-and-

  
\_\_\_\_\_  
Ralph R. Roberts

**IN THE UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

In re:	)	Chapter 11
	)	
RALPH ROBERTS REALTY, LLC, <i>et al.</i> <sup>1</sup>	)	Case No. 12-53023
	)	(Jointly Administered)
	)	
Debtors.	)	Judge Thomas J. Tucker
	)	

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**FIRST AMENDED DISCLOSURE STATEMENT OF  
RALPH ROBERTS REALTY, LLC AND RALPH R. ROBERTS UNDER CHAPTER 11  
OF THE BANKRUPTCY CODE**

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<sup>1</sup> This case is jointly administered with the case of Ralph R. Roberts, Case No. 12-53024.

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## DISCLOSURE STATEMENT

### I. INTRODUCTION

#### A. General

The purpose of this first amended disclosure statement (the “Disclosure Statement”) is to provide holders of all Claims against the Debtors with adequate information, within the meaning of Section 1125(a) and 1126 of the Bankruptcy Code, of a kind, and in sufficient detail, to make an informed judgment about the first amended joint chapter 11 plan of reorganization submitted to the Bankruptcy Court on June 14, 2012 (the “Plan”) by Ralph Roberts Realty, LLC (“Realty”) and Ralph R. Roberts (each individually referred to as a “Debtor” and collectively, as the “Debtors”). A copy of the Plan is attached hereto as Exhibit A. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Plan.

The Debtors are debtors and debtors-in-possession in this case under Chapter 11 of the Bankruptcy Code. The Debtors are reorganizing pursuant to Sections 1107 and 1108 of the Bankruptcy Code and are soliciting votes to accept or reject the Plan. The Debtors believe that acceptance of the Plan is in the best interests of all holders of Claims against them.

HOLDERS OF CLAIMS AGAINST THE DEBTORS SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN, TOGETHER WITH THE EXHIBITS, IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

### II. BACKGROUND AND OPERATIONS OF THE DEBTORS

#### A. Background of the Debtors

Realty is a Michigan Limited Liability Company, which was organized in March of 2005. Mr. Roberts is an individual debtor under Chapter 11. Realty is owned 20% by Mr. Roberts and 80% by Rowland Family, LLC, which itself is owned 32.5% by Mr. Roberts, 47.5% by Kathleen Roberts, Mr. Roberts’ wife, 10% by Mr. Roberts’ two minor children and 10% by Lois Maljack and Jeffrey Roberts. Further, Mr. Roberts is owed approximately \$1,000,000 by Realty on account of past unpaid commissions and loans made to Realty, and also has the right to make future claims against Realty on account of future commission.

Mr. Roberts has been selling real estate since the late 1970s. Mr. Roberts started working at Fox Brothers Real Estate in Centerline, Michigan. During the next several years, Mr. Roberts worked at various real estate companies and listed and sold hundreds of properties. Mr. Roberts then started working for Earl Keim in Warren in 1985. In 1986, Mr. Roberts went to Earl Keim in Madison Heights, and then in late 1986, joined Re/MaxProperties in Warren. After several successful years at Re/Max, the owners stopped paying payroll taxes, which caused all of the accounts to be frozen and made it impossible for its agents, including Mr. Roberts to be paid. As a result, Mr. Roberts himself paid the past due taxes and a short time afterwards, purchased the company.

After several years, Mr. Roberts left the Re/Max franchise and opened Ralph R. Roberts Real Estate, Inc. (“Real Estate”) in 1991. Over several years, Mr. Roberts added a title company and

a mortgage company to Real Estate's affiliate companies. Mr. Roberts also implemented a business model wherein Real Estate would use funds lent by private investors (the "Private Investors") at high interest rates to purchase property. Once the purchased property was either re-sold, sold on land contract, or renovated, Real Estate would then repay the Private Investors using the proceeds of Real Estate's secured credit facility, which was syndicated among several banks. This greatly reduced the interest rate that Real Estate was paying, while still allowing the bank syndicate to retain the properties as collateral. Over the course of the life of this business model, which Real Estate used from approximately 1991 to 2001, the Private Investors were paid millions of dollars as a result of the real estate boom that occurred during that time.

However, in 2001, Real Estate began to experience financial and political problems, which began when one of Real Estate's agents informed Mr. Roberts that her brother had been wrongly convicted of rape, and asking Mr. Roberts if there was anything he could do. Mr. Roberts met with Mr. Paul Pash, the former police chief of Warren, and Mr. Carl Marlinga, the former prosecutor for the City of Warren, and Mr. Marlinga agreed to re-open the case. However, Mr. Marlinga was in the midst of a run for a Michigan senate seat, and his opponent, Ms. Candace Miller, as a campaign tactic, accused Mr. Roberts of giving money to Mr. Marlinga to reopen the rape case. These allegations were reported by the Detroit Free Press in 2002. In February of 2003, the FBI raided Mr. Roberts' office and his personal residence and Mr. Roberts was formally indicted in June of 2004. The indictment caused Real Estate's investors, including a number of banks, to become skittish about future investments and begin demanding immediate repayment of current investments.

The entire incident was manufactured for the political gain of Mr. Marlinga's opponents. Mr. Roberts' case was dismissed in June of 2005 at the request of the government and Mr. Marlinga was found not guilty by a jury. Further, after a 2003 retrial, Mr. Jeffery Moldowan was acquitted, after the sole eyewitness recanted her testimony and the expert witness was found not to be credible.<sup>2</sup> Unfortunately, although the charges were dropped and Mr. Roberts was completely exonerated, the damage done was substantial. While the charges against Mr. Roberts were pending, Real Estate's syndicate bank investors required forced place life insurance from Mr. Roberts at a staggering cost, and also replaced Mr. Roberts with a temporary manager for Real Estate. The temporary manager reported directly to the syndicate banks, and all of Real Estate's employees reported to the temporary manager. This caused tremendous stress to Real Estate's employees, business disruptions and loss of investor and client confidences. The banks, interested only in reducing their exposure, simply exacerbated the problem.

After all charges against Mr. Roberts were dropped, he once again took control of Real Estate, but Real Estate was cash-flow negative, had lost most of its investors and client base, and was facing increasingly strident demands for repayment from private investors.

Just as Mr. Roberts was beginning to recover from the needless trauma of his indictment, Mr. Roberts suffered a crushing blow when his daughter died in May, 2006 at the age of 18. Mr. Roberts was unable, for a period of time, to carry on the business, and Realty generated almost

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<sup>2</sup> Mr. Moldowan was also awarded a \$2.8 million judgment for wrongful prosecution.

no income during that period. At the same time as this tragedy, Real Estate's former Private Investors began a targeted, persistent and harassing drive to force Mr. Roberts, Real Estate or Realty to pay them the full amount they alleged to be owed to them.

In September, 2007, Mr. Roberts reached a settlement agreement with Real Estate's syndicate bank investors. Mr. Roberts agreed to formally shut down Real Estate as well as its associated companies and repay the syndicate banks over time. Mr. Roberts then began operating Realty, which he had founded in 2005, in order to give investors and clients distance from Real Estate's financial distress and increased confidence in Realty's new business model.

Also, as a condition of this settlement, Mr. Roberts entered into a settlement agreement with the Private Investors. These agreements were based on assumptions that the real estate market, which had been growing exponentially for several years, would continue on its growth trajectory.

However, in 2008, the real estate market in Michigan, more so than in the rest of the country, suffered a sudden and devastating collapse. Rather than appreciating, most real estate lost 50% or more of its value, and real estate sales tumbled to record lows. As a result, Realty had virtually no sales and no income. Neither Realty nor Mr. Roberts had the cash flow to fund all required payments and all required conditions of the settlement agreement with the Private Investors. Further, Mr. Roberts, who owned a house on Lake St. Clair, defaulted on its mortgage, as a result of his poor cash flow.

In 2009, Mr. Roberts developed a new business model based on the underbidding by banks at foreclosure sales. This underbidding, which was frequently tens of thousands of dollars below both the amount owed on the foreclosed properties, as well as the fair market value of the properties themselves, allowed Mr. Roberts and Realty to begin to return to profitability through the sale of real estate during the redemption period. However, this was insufficient to return Realty to profitability, and it continued to report negative net income - \$135,000 in negative income in 2009, \$188,000 in negative net income in 2010 and \$398,000 of negative net income in 2011.<sup>3</sup>

Throughout this period, Mr. Roberts continued to attempt to negotiate with the Private Investors to work out a viable repayment plan based on Mr. Roberts' new business model. The Private Investors, however, apparently more motivated by personal grudges, accused Mr. Roberts of selling his Lake St. Clair house at a profit (despite proof that the lender accepted a short sale and forgave a significant deficiency) spending too much money on his daughter's funeral, of hiding and dissipating assets, and of other unspecified and unsubstantiated "bad acts". This refusal to rationally negotiate culminated in the filing of a complaint against Mr. Roberts in February of 2011.

After the complaint was filed, Mr. Roberts continued his attempts to negotiate a rational repayment plan, all of which were rejected. After a series of increasingly invasive and irrelevant discovery requests and more than \$90,000 in legal fees, Mr. Roberts and Realty filed for

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<sup>3</sup> This negative net income reflects commissions earned, but not paid to, Mr. Roberts in the approximate amount of \$500,000. If these are removed, Realty shows a modest profit of approximately \$105,000.

bankruptcy protection in order to rationally deal with the problematic legacy debt represented by the Private Investors.

#### B. Compensation/Income and Post-Confirmation Income

The Debtors have attached financial projections, which demonstrate that the Debtors believe that Realty will show, over the next five years, a modest profit each year. This is due in part to the Debtors' belief that the real estate market is slowly rebounding, but is also due to Mr. Roberts' forgiveness of his right to unpaid commissions and repayment of capital contributions (both pre- and post-petition). As well as projected income from Realty's operations, Mr. Roberts will devote all of his projected monthly disposable income to the repayment of creditors through the Plan.

Pre-petition, Mr. Roberts was paid \$117,400 in salary. Mr. Roberts, although entitled to one-half of the commissions on properties sold by Realty, has not been paid these commissions since 2007. The total accrued but unpaid amounts equal approximately \$1.35 million. Mr. Roberts received no other fringe benefits, such as car or insurance allowances pre-petition.

Post-petition, Mr. Roberts is entitled to a salary of \$125,000 for 2011. Mr. Roberts is not entitled to any commissions, car allowances, insurance allowances, or any other "fringe benefits" that are customary for executives of companies. Mr. Roberts is entitled to participate in Realty's 401(k) plan, which provides a 3% match. Mr. Roberts pays for his own medical insurance, at the cost of approximately \$20,000 per year.

Post-confirmation, Mr. Roberts will continue to receive his salary, which will be increased to \$130,000 for 2012, \$135,000 for 2013, \$140,000 for 2014 and \$145,000 for 2015. Mr. Roberts will receive no other income from Realty.

#### C. Nature of Case and Events Leading to Chapter 11 Filing

Prior to the Petition Date, as described above, the Debtors attempted to settle with the Private Investors. These settlement attempts were ultimately unsuccessful, and forced the Debtors to file for bankruptcy to propose a rational repayment plan.

### III. SIGNIFICANT POST-PETITION ACTIONS

The Debtors filed this chapter 11 case on May 25, 2012, and the following significant actions have taken place between that date and the date of filing this amended Plan:

#### A. First Day Motions and Cash Collateral Use

The Debtors filed the Plan and this Disclosure Statement on the Petition Date. Concurrently, the Debtors also filed a motion to set a chapter 11 status conference to establish dates and deadlines with respect to voting on the Plan and the setting of a confirmation hearing. The Debtors did not file a first day motion to use cash collateral or seek approval for debtor-in-possession financing. First, the Debtors have no secured creditor with a lien on all assets and therefore did not require

permission to use cash collateral. Second, the Debtors believe that they will have sufficient cash flow to make all post-petition payments to administrative creditors as well as payments required under the proposed Plan, and therefore did not request court approval for debtor-in-possession financing. Therefore, there are no cash collateral, post-petition financing, or adequate protection orders entered in these Chapter 11 Cases.

#### B. Retention of Professionals

To represent them in this chapter 11 case, the Debtors retained Gold, Lange & Majoros, P.C. as bankruptcy counsel, and will shortly be filing an application seeking Bankruptcy Court approval of that retention. Similarly, the Debtors have also retained Sirianni & Company PLLC as accountants, and will shortly be filing an application seeking Bankruptcy Court approval of that retention. The Debtors anticipate retaining O'Reilly Rancilio as special contracts counsel to assist with management of investor contracts. The Debtors will also be retaining Robert A. Novak PLLC and Schienke Staugaard & Hearsch to assist with eviction proceedings for which Realty acts as a property manager. Finally, the Debtors anticipate retaining Wolfe Law Group PLLC to assist with litigation associated with investor-owned properties, such as collections, evictions, and land contract forfeitures.

#### C. Case Administration

##### 1. *Bar Date*

As of the date of filing of this Disclosure Statement, the Clerk of the Court has not yet established the deadline for all non-governmental creditors, including holders of claims under Section 503(b)(9) of the Bankruptcy Code, to file a proof of claim against the Debtors' estate.

#### D. Post Petition Transfers Outside of the Ordinary Course

The Debtors have made no post-petition transfers outside of the ordinary course.

#### E. Post-Petition Litigation

The Debtors have engaged in no post-petition litigation. However, the Debtors have claims and causes of action against former investors for failure to pay Realty its share of the profits from sold houses. The Debtors believe that the amount of money owed is approximately \$250,000, and is owed by a number of different investors, although only Jon Savoy, Butch Hassig and Dennis Stevens owe the Debtors significant amounts. The Debtors plan to file adversary proceedings to collect these accounts receivable within 45 days. The Debtors also have a potential cause of action against Charles Ferarolis, *et al.*, the current plaintiffs in the Macomb County litigation brought by the Former Investors for failure to provide an accounting of amounts paid and amounts applied to interest and principal, potential misapplication of payments, and wrongful refusal to apply appropriate setoffs against principal. The Debtors continue to investigate this cause of action.

#### F. Other Assets and Income

As discussed above, the Debtors have very few assets. The Debtors' significant assets are their ability to generate cash from business operations as a result of Mr. Roberts' talents as a real estate broker and professional. As noted above, Realty owns approximately \$300,000 in past-due accounts receivable from various investors, approximately \$60,000 in current accounts receivable from investors, office fixtures, furniture, electronics and other office equipment, including a leased copier and postage machine, and a minimal amount of cash. Mr. Roberts owns a 2012 Yukon subject to a security agreement, retirement accounts with an approximate aggregate value of \$350,000, interests in several non-operating businesses and holding companies, and a right of setoff against claims held by the Private Investors in a no-longer-operating prior business. Mr. Roberts does not believe that he will be entitled to a tax refund.

Realty also holds net operating loss carryforwards as a result of ongoing losses.

The Debtors own no other significant assets, and anticipate that their ability to fund payments called for under the Plan will derive from cash flow generated by normal business operations.

#### G. General Liabilities

Mr. Roberts is obligated to JPMorgan Chase Bank, N.A. with respect to a second mortgage on property located at 18299 Tara Drive, Clinton Township, Michigan, 48036. Mr. Roberts does not own the Tara Drive property, and is not obligated with respect to the first mortgage on that property. As set forth in the attached projections, Mr. Roberts will make payments on the second mortgage, as the non-debtor owner of the property intends to retain it, and it is where Mr. Roberts resides, as well as contributing to the payment of taxes and upkeep. Mr. Roberts is also obligated with respect to a financing agreement with Ally Financial on his vehicle, a 2012 GMC Yukon. Finally, Mr. Roberts has approximately \$200,000 of unsecured debt relating to credit cards and legal fees, and approximately \$7.5 million dollars of unsecured debt related to obligations of Realty and other business entities that Mr. Roberts personally guaranteed. As well as general unsecured claims in the approximate amount of \$200,000 with respect to prepetition legal fees, Realty is obligated to current investors in the approximate amount of \$50,000, and Realty is also obligated in the approximate amount of \$2,900.00 per month to its landlord for office space, as well as for general ordinary course business expenses.

### IV. ASSETS AND LIABILITIES

#### A. Liquidation Analysis.

The Debtors have prepared the following liquidation analysis. The liquidation analysis assumes that the full fair market value of all assets will be obtained, the proceeds will be pooled, and the costs of liquidation will be subtracted from the pool. Costs of liquidation include payment of the past-due real estate taxes, brokers' commissions, transfer taxes and other sale fees, and an estimate of the applicable legal fees.

**RALPH ROBERTS AND RALPH ROBERTS REALTY - LIQUIDATION ANALYSIS**

25-May-12

**Assets**

	Secured Creditor	Amount of Secured Claim	
Cash and checking accounts			\$80,000
Interests in Businesses			
	Barrington Real Estate, LLC		-
	Nail Construction, LLC		\$100
	Rowland Family, LLC		\$100
	R.R.R. Productions, LLC		-
Accounts receivable			\$300,000
Books			\$7,500
Copyright and royalty interests			\$30,000
Giant Nail			\$3,000
Office furniture and equipment			\$5,000
Cash Value Life Insurance			\$50,000
Preference recoveries			\$0
Fraudulent transfer recoveries			\$0
GMC Yukon	Ally Financial	\$55,000	\$50,000
<b>Total Assets</b>			<b>\$525,700</b>

**Liabilities:**

Secured:	Ally Financial	\$55,000
	JPMorgan Chase Bank (second mortgage on property not owned by Debtors)	\$81,663
	Current secured investors	\$50,000
Liquidation Costs:	Liquidation costs (fees, commissions)	\$8,000
	Legal	\$10,000
Unsecured Claims:	Ralph R. Roberts	\$7,500,000
	Ralph Roberts Realty	\$125,000
<b>Total Liabilities:</b>		<b>\$7,829,663</b>
<b>Net Deficit:</b>		<b>-\$7,303,963</b>



B. Long-Term Debt Obligations

As of the Petition Date, Realty was generally obligated to pay debts generated in the ordinary course of its business. Realty was also obligated with respect to unsecured debts arising primarily out of legal fees in the approximate amount of \$76,000. Mr. Roberts, as of the Petition Date, was obligated to the Private Investors, the settling banks, and other settling parties in the approximate amount of \$7.5 million and is further obligated to unsecured trade creditors in the approximate amount of \$200,000. Mr. Roberts is also obligated to Ally Financial in the approximate amount of \$55,000 with respect to a 2012 GMC Yukon, which claim is secured.

C. Guaranteed Debt

As noted above, Mr. Roberts has personally guaranteed the settlement debts arising from the operation of Real Estate. Mr. Roberts has also guaranteed the debt of Maplelane Homes, Inc. Realty is not obligated with respect to that debt. The Debtors are original obligors on the debts listed on their respective schedules.

D. Priority Debt

The Debtors are not aware of any outstanding priority debt.

E. Unsecured Debt

As described above, Mr. Roberts estimates that he has approximately \$6.6 million in general unsecured debt, including trade debt. Realty estimates that it has approximately \$76,000 in unsecured debt. These claims may be subject to disallowance or reduction.

F. Section 503(b)(9) Administrative Expense Claims

Under Section 503(b)(9) of the Bankruptcy Code, a claim for payment for goods shipped to a debtor in the twenty days *before* the commencement of a bankruptcy case may be entitled to priority status as an administrative expense claim. The Debtors are unaware of any potential Section 503(b)(9) claims in this case.

G. Causes of Action

Section 10.2 of the Plan provides that, as of the Effective Date, any and all Causes of Action, including, without limitation, avoidance actions accruing to the Debtors under Chapter 5 of the Bankruptcy Code and all actions listed in Exhibit IV to the Plan, shall be reserved and preserved by, and for the benefit of, the Debtors and the proceeds of such Causes of Action shall be retained by the Debtors.

## 1. Chapter 5 Claims

In the 90 days before the Petition Date, Realty made \$55,348.30 in potentially preferential payments. In the 90 days before bankruptcy, Mr. Roberts made \$0.00 in potentially preferential payments. These payments may be subject to statutory and other defenses.

In the one year immediately preceding the bankruptcy filing, Realty made \$60,380.00 in payments to “insiders” (as defined in Section 101(31) of the Bankruptcy Code). In the one year immediately preceding the bankruptcy filing, Mr. Roberts made no payments to “insiders”. The payments made by Realty may be subject to statutory and other defenses.

Additionally, as set forth in more detail on Exhibit E, the Debtors possess causes of action for turnover of unpaid accounts receivable against a number of former investors, which the Debtors reserve the right to pursue.

### H. Pending Litigation

There are several piece of litigation currently pending against the Debtors. The first arises out of the Private Investors’ February, 2011 lawsuit, filed in Macomb County Circuit Court, captioned Charles Ferarolis, *et al.* v. Ralph R. Roberts *et al.*, case no. 2011-0782-CK. The events leading to this litigation are described in detail above.

The second piece of litigation is captioned Bryan Legree v. Jerone Turner, Marchie Turner, Chris Kayne, and Ralph Roberts Realty, Case No. 11-4713, currently pending in removal proceedings in front of the Bankruptcy Court in adversary case no. 11-07001. Mr. Legree, a debtor in bankruptcy, sued Mr. & Mrs. Turner, the buyers of his house, Mr. Kayne, an agent of Realty, and Realty itself. Mr. Legree alleged that the Turners, Mr. Kayne and Realty constructively evicted him from his home. Realty filed a notice of removal of the litigation, alleging that the matter was not properly in front of the state court as it concerned a professional appointed by the bankruptcy court and employed by Mr. Legree’s bankruptcy trustee, and involved a bankruptcy-court authorized sale of the property, which was not his residence. The removal proceeding has been argued, and is pending a determination by the bankruptcy court.

The third piece of litigation is captioned LeVasseur Dyer & Associates, P.C. v Ralph Roberts, Case No. 12-0164, currently pending in the 45<sup>th</sup> District Court for the State of Michigan (Berkley) and is a civil action against Mr. Roberts for the collection of approximately \$7,800 in legal fees. As of the Petition Date, this action was pending.

Finally, Realty is currently the plaintiff in a number of eviction and land contract forfeiture actions in Macomb County District Court and Oakland County District Court on behalf of current investors for which it acts as a property manager. Any funds or properties recovered are not the property of Realty or Mr. Roberts and will be turned over to the respective property owner. These actions are disclosed in Realty’s schedules out of an abundance of caution.

## V. IMPLEMENTATION OF THE PLAN

### A. Prepetition Financial Information

Tax returns for 2009, 2010 and 2011, which detail the Debtors' income and expenses for those taxable years, are attached as Exhibit F. Additionally, the Debtors have prepared summary financial statements for 2009, 2010 and 2011, which are also attached as Exhibit F.

### B. Post-Petition Financial Information

Because the Plan and this Disclosure Statement are being filed on the Petition Date, the Debtors do not have any post-petition periods for which to prepare financial statements. The Debtors acknowledge the United States Trustee operating requirements and reporting deadlines, and will file their required monthly operating reports in a timely fashion.

### C. Plan Projections

The Debtors believe that the following projections are a reasonable estimation of their anticipated income as well as their ongoing expenses.

RALPH ROBERTS REALTY, LLC  
PROJECTIONS  
FOR ALL PLAN YEARS

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>	<u>YEAR 5</u>
REVENUES					
COMMISSION INCOME & FEES	\$ 950,000	\$ 1,050,000	\$ 1,200,000	\$ 1,300,000	\$ 1,400,000
PROPERTY ACQUISITION FEES	250,000	250,000	250,000	200,000	200,000
PROPERTY EQUITY INCOME	150,000	250,000	400,000	550,000	650,000
	<u>1,350,000</u>	<u>1,550,000</u>	<u>1,850,000</u>	<u>2,050,000</u>	<u>2,250,000</u>
DISBURSEMENTS					
ADVERTISING & PROMOTION	30,000	35,004	39,996	45,000	50,004
AUTOMOTIVE EXPENSES	24,000	26,004	27,996	30,000	32,004
BANKRUPTCY DEPT. EXPENSES	30,000	39,996	50,004	60,000	69,996
FORECLOSURE DEPT. EXPENSES	24,996	30,000	35,004	39,996	45,000
COMMISSIONS - RALPH ROBERTS	-	-	-	-	-
COMMISSIONS - OTHERS	380,004	420,000	480,000	519,996	560,004
INSURANCE	24,000	27,996	32,004	36,000	39,996
MEALS & ENTERTAINMENT	18,000	21,000	23,004	24,996	27,000
OFFICE SUPPLIES & EXPENSES	110,004	129,996	150,000	170,004	189,996
OUTSIDE SERVICES	45,000	50,004	54,996	60,000	64,992
PAYROLL - RALPH ROBERTS	125,004	129,996	135,000	140,004	144,996
PAYROLL - OTHERS	275,004	324,996	375,000	425,004	474,996
PAYROLL AND OTHER TAXES	48,996	56,004	62,004	68,004	74,004
PROFESSIONAL FEES	95,004	45,000	50,004	54,996	60,000
RENT	38,004	39,000	39,996	40,992	42,000
TELEPHONE & UTILITIES	12,000	14,004	15,996	18,000	20,004
	<u>1,280,016</u>	<u>1,389,000</u>	<u>1,571,004</u>	<u>1,732,992</u>	<u>1,894,992</u>
NET OPERATING INCOME	\$ 69,984	\$ 161,000	\$ 278,996	\$ 317,008	\$ 355,008
	=====	=====	=====	=====	=====
RALPH R. ROBERTS DISPOSABLE INCOME	\$ 2,892	\$ 2,500	\$ 996	\$ 2,492	\$ 2,776
	=====	=====	=====	=====	=====
TOTAL INCOME FOR PLAN PAYMENTS	\$ 72,876	\$ 163,500	\$ 279,992	\$ 319,500	\$ 357,784
	=====	=====	=====	=====	=====
PAYMENTS UNDER THE PLAN:					
Class 1	\$1,164	\$1,164	\$1,164	\$1,164	\$1,164
Class 2	\$1,164	\$1,164	\$1,164	\$1,164	\$1,164
Class 3	\$576	\$576	\$576	\$576	\$576
Class 4	\$1,164	\$1,164	\$1,164	\$1,164	\$1,164
Class 5	\$1,164	\$1,164	\$1,164	\$1,164	\$1,164
Class 6	\$1,164	\$1,164	\$1,164	\$1,164	\$1,164
Class 7	\$4,644	\$4,644	\$4,644	\$4,644	\$4,644
Class 8, 10 & 11	\$48,892	\$140,500	\$256,996	\$296,492	\$334,776
Class 9	\$9,135	\$9,135	\$9,135	\$9,135	\$9,135
Class 12	\$0	\$0	\$0	\$0	\$0
	=====	=====	=====	=====	=====
NET INCOME:	\$917	\$325	\$1,825	\$341	\$57

RALPH ROBERTS REALTY, LLC  
PROJECTIONS  
PLAN YEAR 1

	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
REVENUES												
COMMISSION INCOME & FEES	\$ 79,167	\$ 79,167	\$ 79,167	\$ 79,167	\$ 79,167	\$ 79,167	\$ 79,167	\$ 79,167	\$ 79,167	\$ 79,167	\$ 79,167	\$ 79,167
PROPERTY ACQUISITION FEES	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833
PROPERTY EQUITY INCOME	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
	<u>112,500</u>	<u>112,500</u>	<u>112,500</u>	<u>112,500</u>	<u>112,500</u>	<u>112,500</u>	<u>112,500</u>	<u>112,500</u>	<u>112,500</u>	<u>112,500</u>	<u>112,500</u>	<u>112,500</u>
DISBURSEMENTS												
ADVERTISING & PROMOTION	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
AUTOMOTIVE EXPENSES	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
BANKRUPTCY DEPT. EXPENSES	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
FORECLOSURE DEPT. EXPENSES	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083
COMMISSIONS - RALPH ROBERTS	-	-	-	-	-	-	-	-	-	-	-	-
COMMISSIONS - OTHERS	31,667	31,667	31,667	31,667	31,667	31,667	31,667	31,667	31,667	31,667	31,667	31,667
INSURANCE	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
MEALS & ENTERTAINMENT	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
OFFICE SUPPLIES & EXPENSES	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167	9,167
OUTSIDE SERVICES	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
PAYROLL - RALPH ROBERTS	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417
PAYROLL - OTHERS	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917
PAYROLL AND OTHER TAXES	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083
PROFESSIONAL FEES	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917	7,917
RENT	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167
TELEPHONE & UTILITIES	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>
NET OPERATING INCOME	\$ 5,832	\$ 5,832	\$ 5,832	\$ 5,832	\$ 5,832	\$ 5,832	\$ 5,832	\$ 5,832	\$ 5,832	\$ 5,832	\$ 5,832	\$ 5,832
RALPH ROBERTS DISPOSABLE INCOME	\$ 241	\$ 241	\$ 241	\$ 241	\$ 241	\$ 241	\$ 241	\$ 241	\$ 241	\$ 241	\$ 241	\$ 241
TOTAL INCOME FOR PLAN PAYMENTS	6,073	6,073	6,073	6,073	6,073	6,073	6,073	6,073	6,073	6,073	6,073	6,073
PAYMENTS UNDER THE PLAN:												
Class 1	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 2	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 3	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48
Class 4	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 5	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 6	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 7	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387
Class 8, 10 & 11	\$4,074	\$4,074	\$4,074	\$4,074	\$4,074	\$4,074	\$4,074	\$4,074	\$4,074	\$4,074	\$4,074	\$4,074
Class 9	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761
Class 12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME:	<u>\$318</u>	<u>\$318</u>	<u>\$318</u>	<u>\$318</u>	<u>\$318</u>	<u>\$318</u>	<u>\$318</u>	<u>\$318</u>	<u>\$318</u>	<u>\$318</u>	<u>\$318</u>	<u>\$318</u>

RALPH ROBERTS REALTY, LLC  
PROJECTIONS  
PLAN YEAR 2

	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
REVENUES												
COMMISSION INCOME & FEES	\$ 87,500	\$ 87,500	\$ 87,500	\$ 87,500	\$ 87,500	\$ 87,500	\$ 87,500	\$ 87,500	\$ 87,500	\$ 87,500	\$ 87,500	\$ 87,500
PROPERTY ACQUISITION FEES	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833
PROPERTY EQUITY INCOME	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833
	<u>129,166</u>	<u>129,166</u>	<u>129,166</u>	<u>129,166</u>	<u>129,166</u>	<u>129,166</u>	<u>129,166</u>	<u>129,166</u>	<u>129,166</u>	<u>129,166</u>	<u>129,166</u>	<u>129,166</u>
DISBURSEMENTS												
ADVERTISING & PROMOTION	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917
AUTOMOTIVE EXPENSES	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167
BANKRUPTCY DEPT. EXPENSES	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333
FORECLOSURE DEPT. EXPENSES	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
COMMISSIONS - RALPH ROBERTS	-	-	-	-	-	-	-	-	-	-	-	-
COMMISSIONS - OTHERS	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
INSURANCE	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333
MEALS & ENTERTAINMENT	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
OFFICE SUPPLIES & EXPENSES	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833
OUTSIDE SERVICES	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167
PAYROLL - RALPH ROBERTS	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833	10,833
PAYROLL - OTHERS	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,083
PAYROLL AND OTHER TAXES	4,667	4,667	4,667	4,667	4,667	4,667	4,667	4,667	4,667	4,667	4,667	4,667
PROFESSIONAL FEES	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
RENT	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250
TELEPHONE & UTILITIES	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167
	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>
NET OPERATING INCOME	\$ 13,416	\$ 13,416	\$ 13,416	\$ 13,416	\$ 13,416	\$ 13,416	\$ 13,416	\$ 13,416	\$ 13,416	\$ 13,416	\$ 13,416	\$ 13,416
RALPH ROBERTS DISPOSABLE INCOME	208	208	208	208	208	208	208	208	208	208	208	208
TOTAL INCOME FOR PLAN PAYMENTS	13,624	13,624	13,624	13,624	13,624	13,624	13,624	13,624	13,624	13,624	13,624	13,624
PAYMENTS UNDER THE PLAN:												
Class 1	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 2	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 3	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48
Class 4	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 5	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 6	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 7	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387
Class 8, 10 & 11	\$11,708	\$11,708	\$11,708	\$11,708	\$11,708	\$11,708	\$11,708	\$11,708	\$11,708	\$11,708	\$11,708	\$11,708
Class 9	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761
Class 12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME:	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>

RALPH ROBERTS REALTY, LLC  
PROJECTIONS  
PLAN YEAR 3

	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
REVENUES												
COMMISSION INCOME & FEES	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
PROPERTY ACQUISITION FEES	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833
PROPERTY EQUITY INCOME	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333
	<u>154,166</u>	<u>154,166</u>	<u>154,166</u>	<u>154,166</u>	<u>154,166</u>	<u>154,166</u>	<u>154,166</u>	<u>154,166</u>	<u>154,166</u>	<u>154,166</u>	<u>154,166</u>	<u>154,166</u>
DISBURSEMENTS												
ADVERTISING & PROMOTION	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333
AUTOMOTIVE EXPENSES	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333
BANKRUPTCY DEPT. EXPENSES	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167
FORECLOSURE DEPT. EXPENSES	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917
COMMISSIONS - RALPH ROBERTS	-	-	-	-	-	-	-	-	-	-	-	-
COMMISSIONS - OTHERS	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
INSURANCE	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667
MEALS & ENTERTAINMENT	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917
OFFICE SUPPLIES & EXPENSES	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
OUTSIDE SERVICES	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583
PAYROLL - RALPH ROBERTS	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250
PAYROLL - OTHERS	31,250	31,250	31,250	31,250	31,250	31,250	31,250	31,250	31,250	31,250	31,250	31,250
PAYROLL AND OTHER TAXES	5,167	5,167	5,167	5,167	5,167	5,167	5,167	5,167	5,167	5,167	5,167	5,167
PROFESSIONAL FEES	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167
RENT	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333
TELEPHONE & UTILITIES	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333
	<u>130,917</u>	<u>130,917</u>	<u>130,917</u>	<u>130,917</u>	<u>130,917</u>	<u>130,917</u>	<u>130,917</u>	<u>130,917</u>	<u>130,917</u>	<u>130,917</u>	<u>130,917</u>	<u>130,917</u>
NET OPERATING INCOME	\$ 23,249	\$ 23,249	\$ 23,249	\$ 23,249	\$ 23,249	\$ 23,249	\$ 23,249	\$ 23,249	\$ 23,249	\$ 23,249	\$ 23,249	\$ 23,249
RALPH ROBERTS DISPOSABLE INCOME	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83
TOTAL INCOME FOR PLAN PAYMENTS	23,332	23,332	23,332	23,332	23,332	23,332	23,332	23,332	23,332	23,332	23,332	23,332
PAYMENTS UNDER THE PLAN:												
Class 1	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 2	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 3	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48
Class 4	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 5	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 6	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 7	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387
Class 8, 10 & 11	\$21,416	\$21,416	\$21,416	\$21,416	\$21,416	\$21,416	\$21,416	\$21,416	\$21,416	\$21,416	\$21,416	\$21,416
Class 9	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761
Class 12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME:	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>	<u>\$235</u>

RALPH ROBERTS REALTY, LLC  
PROJECTIONS  
PLAN YEAR 4

	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
REVENUES												
COMMISSION INCOME & FEES	\$ 108,333	\$ 108,333	\$ 108,333	\$ 108,333	\$ 108,333	\$ 108,333	\$ 108,333	\$ 108,333	\$ 108,333	\$ 108,333	\$ 108,333	\$ 108,333
PROPERTY ACQUISITION FEES	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
PROPERTY EQUITY INCOME	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833	45,833
	<u>170,833</u>	<u>170,833</u>	<u>170,833</u>	<u>170,833</u>	<u>170,833</u>	<u>170,833</u>	<u>170,833</u>	<u>170,833</u>	<u>170,833</u>	<u>170,833</u>	<u>170,833</u>	<u>170,833</u>
DISBURSEMENTS												
ADVERTISING & PROMOTION	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
AUTOMOTIVE EXPENSES	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
BANKRUPTCY DEPT. EXPENSES	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
FORECLOSURE DEPT. EXPENSES	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333
COMMISSIONS - RALPH ROBERTS	-	-	-	-	-	-	-	-	-	-	-	-
COMMISSIONS - OTHERS	43,333	43,333	43,333	43,333	43,333	43,333	43,333	43,333	43,333	43,333	43,333	43,333
INSURANCE	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
MEALS & ENTERTAINMENT	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083
OFFICE SUPPLIES & EXPENSES	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167
OUTSIDE SERVICES	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
PAYROLL - RALPH ROBERTS	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667	11,667
PAYROLL - OTHERS	35,417	35,417	35,417	35,417	35,417	35,417	35,417	35,417	35,417	35,417	35,417	35,417
PAYROLL AND OTHER TAXES	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667
PROFESSIONAL FEES	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583
RENT	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416
TELEPHONE & UTILITIES	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
	<u>144,416</u>	<u>144,416</u>	<u>144,416</u>	<u>144,416</u>	<u>144,416</u>	<u>144,416</u>	<u>144,416</u>	<u>144,416</u>	<u>144,416</u>	<u>144,416</u>	<u>144,416</u>	<u>144,416</u>
NET OPERATING INCOME	\$ 26,417	\$ 26,417	\$ 26,417	\$ 26,417	\$ 26,417	\$ 26,417	\$ 26,417	\$ 26,417	\$ 26,417	\$ 26,417	\$ 26,417	\$ 26,417
RALPH ROBERTS DISPOSABLE INCOME	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208
TOTAL INCOME FOR PLAN PAYMENTS	\$ 26,625	\$ 26,625	\$ 26,625	\$ 26,625	\$ 26,625	\$ 26,625	\$ 26,625	\$ 26,625	\$ 26,625	\$ 26,625	\$ 26,625	\$ 26,625
PAYMENTS UNDER THE PLAN:												
Class 1	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 2	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 3	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48
Class 4	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 5	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 6	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 7	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387
Class 8, 10 & 11	\$24,708	\$24,708	\$24,708	\$24,708	\$24,708	\$24,708	\$24,708	\$24,708	\$24,708	\$24,708	\$24,708	\$24,708
Class 9	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761
Class 12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME:	<u>\$236</u>	<u>\$236</u>	<u>\$236</u>	<u>\$236</u>	<u>\$236</u>	<u>\$236</u>	<u>\$236</u>	<u>\$236</u>	<u>\$236</u>	<u>\$236</u>	<u>\$236</u>	<u>\$236</u>



RALPH ROBERTS REALTY, LLC  
PROJECTIONS  
PLAN YEAR 5

	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
REVENUES												
COMMISSION INCOME & FEES	\$ 116,667	\$ 116,667	\$ 116,667	\$ 116,667	\$ 116,667	\$ 116,667	\$ 116,667	\$ 116,667	\$ 116,667	\$ 116,667	\$ 116,667	\$ 116,667
PROPERTY ACQUISITION FEES	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
PROPERTY EQUITY INCOME	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>
	<u>195,834</u>	<u>195,834</u>	<u>195,834</u>	<u>195,834</u>	<u>195,834</u>	<u>195,834</u>	<u>195,834</u>	<u>195,834</u>	<u>195,834</u>	<u>195,834</u>	<u>195,834</u>	<u>195,834</u>
DISBURSEMENTS												
ADVERTISING & PROMOTION	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167
AUTOMOTIVE EXPENSES	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667
BANKRUPTCY DEPT. EXPENSES	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833
FORECLOSURE DEPT. EXPENSES	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
COMMISSIONS - RALPH ROBERTS	-	-	-	-	-	-	-	-	-	-	-	-
COMMISSIONS - OTHERS	46,667	46,667	46,667	46,667	46,667	46,667	46,667	46,667	46,667	46,667	46,667	46,667
INSURANCE	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333
MEALS & ENTERTAINMENT	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
OFFICE SUPPLIES & EXPENSES	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833	15,833
OUTSIDE SERVICES	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416
PAYROLL - RALPH ROBERTS	12,083	12,083	12,083	12,083	12,083	12,083	12,083	12,083	12,083	12,083	12,083	12,083
PAYROLL - OTHERS	39,583	39,583	39,583	39,583	39,583	39,583	39,583	39,583	39,583	39,583	39,583	39,583
PAYROLL AND OTHER TAXES	6,167	6,167	6,167	6,167	6,167	6,167	6,167	6,167	6,167	6,167	6,167	6,167
PROFESSIONAL FEES	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
RENT	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TELEPHONE & UTILITIES	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>	<u>1,667</u>
	<u>157,916</u>	<u>157,916</u>	<u>157,916</u>	<u>157,916</u>	<u>157,916</u>	<u>157,916</u>	<u>157,916</u>	<u>157,916</u>	<u>157,916</u>	<u>157,916</u>	<u>157,916</u>	<u>157,916</u>
NET OPERATING INCOME	\$ 37,918	\$ 37,918	\$ 37,918	\$ 37,918	\$ 37,918	\$ 37,918	\$ 37,918	\$ 37,918	\$ 37,918	\$ 37,918	\$ 37,918	\$ 37,918
RALPH ROBERTS DISPOSABLE INCOME	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
TOTAL INCOME FOR PLAN PAYMENTS	\$ 38,149	\$ 38,149	\$ 38,149	\$ 38,149	\$ 38,149	\$ 38,149	\$ 38,149	\$ 38,149	\$ 38,149	\$ 38,149	\$ 38,149	\$ 38,149
PAYMENTS UNDER THE PLAN:												
Class 1	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 2	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 3	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48	\$48
Class 4	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 5	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 6	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97	\$97
Class 7	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387
Class 8, 10 & 11	\$36,231	\$36,231	\$36,231	\$36,231	\$36,231	\$36,231	\$36,231	\$36,231	\$36,231	\$36,231	\$36,231	\$36,231
Class 9	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761	\$761
Class 12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME:	<u>\$237</u>	<u>\$237</u>	<u>\$237</u>	<u>\$237</u>	<u>\$237</u>	<u>\$237</u>	<u>\$237</u>	<u>\$237</u>	<u>\$237</u>	<u>\$237</u>	<u>\$237</u>	<u>\$237</u>

RALPH ROBERTS  
PROJECTIONS  
YEAR ENDING DECEMBER 31,

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>	<u>YEAR 5</u>
REVENUES					
SALARY	\$ 125,000	\$ 130,000	\$ 135,000	\$ 140,000	\$ 145,000
GROSS REVENUE:	<u>125,000</u>	<u>130,000</u>	<u>135,000</u>	<u>140,000</u>	<u>145,000</u>
DISBURSEMENTS					
INSURANCE (AUTO)	3,504	3,996	4,500	4,500	5,004
INSURANCE (HOMEOWNERS)	3,600	3,996	4,500	3,000	3,204
INSURANCE (MEDICAL)	20,400	21,000	21,996	23,004	24,000
TELEPHONE	5,808	6,000	6,504	6,504	6,504
UTILITIES	10,500	11,004	12,000	12,996	14,004
REAL ESTATE TAXES	8,496	9,000	9,504	9,996	10,500
PROFESSIONAL FEES	24,000	33,000	27,996	23,004	18,000
US TRUSTEE FEES	-	-	-	-	-
VEHICLE EXPENSES	4,200	4,500	5,004	5,496	6,000
RECREATION	-	3,000	6,000	8,004	12,000
REPAIRS AND MAINTENANCE	24,000	14,004	17,004	18,000	18,000
MEDICAL EXPENSES	2,004	3,000	3,996	5,004	5,004
FOOD & CLOTHING	12,000	15,000	15,000	18,000	20,004
	<u>118,512</u>	<u>127,500</u>	<u>134,004</u>	<u>137,508</u>	<u>142,224</u>
NET OPERATING INCOME	\$ 2,892	\$ 2,500	\$ 996	\$ 2,492	\$ 2,776
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RALPH ROBERTS  
PROJECTIONS  
PLAN YEAR 1

	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
REVENUES												
SALARY	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417
GROSS REVENUE:	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>
DISBURSEMENTS												
INSURANCE (AUTO)	292	292	292	292	292	292	292	292	292	292	292	292
INSURANCE (HOMEOWNERS)	300	300	300	300	300	300	300	300	300	300	300	300
INSURANCE (MEDICAL)	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
TELEPHONE	484	484	484	484	484	484	484	484	484	484	484	484
UTILITIES	875	875	875	875	875	875	875	875	875	875	875	875
REAL ESTATE TAXES	708	708	708	708	708	708	708	708	708	708	708	708
PROFESSIONAL FEES	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
US TRUSTEE FEES	300	300	300	300	300	300	300	300	300	300	300	300
VEHICLE EXPENSES	350	350	350	350	350	350	350	350	350	350	350	350
RECREATION	-	-	-	-	-	-	-	-	-	-	-	-
REPAIRS AND MAINTENANCE	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
MEDICAL EXPENSES	167	167	167	167	167	167	167	167	167	167	167	167
FOOD & CLOTHING	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>10,176</u>	<u>10,176</u>	<u>10,176</u>	<u>10,176</u>	<u>10,176</u>	<u>10,176</u>	<u>10,176</u>	<u>10,176</u>	<u>10,176</u>	<u>10,176</u>	<u>10,176</u>	<u>10,176</u>
NET OPERATING INCOME	<u>\$ 241</u>	<u>\$ 241</u>	<u>\$ 241</u>	<u>\$ 241</u>	<u>\$ 241</u>	<u>\$ 241</u>	<u>\$ 241</u>	<u>\$ 241</u>	<u>\$ 241</u>	<u>\$ 241</u>	<u>\$ 241</u>	<u>\$ 241</u>

RALPH ROBERTS  
PROJECTIONS  
PLAN YEAR 2

	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
REVENUES												
SALARY	\$ 10,833	\$ 10,833	\$ 10,833	\$ 10,833	\$ 10,833	\$ 10,833	\$ 10,833	\$ 10,833	\$ 10,833	\$ 10,833	\$ 10,833	\$ 10,833
GROSS REVENUE:	<u>10,833</u>	<u>10,833</u>	<u>10,833</u>	<u>10,833</u>	<u>10,833</u>	<u>10,833</u>	<u>10,833</u>	<u>10,833</u>	<u>10,833</u>	<u>10,833</u>	<u>10,833</u>	<u>10,833</u>
DISBURSEMENTS												
INSURANCE (AUTO)	333	333	333	333	333	333	333	333	333	333	333	333
INSURANCE (HOMEOWNERS)	333	333	333	333	333	333	333	333	333	333	333	333
INSURANCE (MEDICAL)	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
TELEPHONE	500	500	500	500	500	500	500	500	500	500	500	500
UTILITIES	917	917	917	917	917	917	917	917	917	917	917	917
REAL ESTATE TAXES	750	750	750	750	750	750	750	750	750	750	750	750
PROFESSIONAL FEES	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750
US TRUSTEE FEES	-	-	-	-	-	-	-	-	-	-	-	-
VEHICLE EXPENSES	375	375	375	375	375	375	375	375	375	375	375	375
RECREATION	250	250	250	250	250	250	250	250	250	250	250	250
REPAIRS AND MAINTENANCE	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167
MEDICAL EXPENSES	250	250	250	250	250	250	250	250	250	250	250	250
FOOD & CLOTHING	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>
	<u>10,625</u>	<u>10,625</u>	<u>10,625</u>	<u>10,625</u>	<u>10,625</u>	<u>10,625</u>	<u>10,625</u>	<u>10,625</u>	<u>10,625</u>	<u>10,625</u>	<u>10,625</u>	<u>10,625</u>
NET OPERATING INCOME	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208
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RALPH ROBERTS  
PROJECTIONS  
PLAN YEAR 3

	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
REVENUES												
SALARY	\$ 11,250	\$ 11,250	\$ 11,250	\$ 11,250	\$ 11,250	\$ 11,250	\$ 11,250	\$ 11,250	\$ 11,250	\$ 11,250	\$ 11,250	\$ 11,250
GROSS REVENUE:	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>
DISBURSEMENTS												
INSURANCE (AUTO)	375	375	375	375	375	375	375	375	375	375	375	375
INSURANCE (HOMEOWNERS)	375	375	375	375	375	375	375	375	375	375	375	375
INSURANCE (MEDICAL)	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833	1,833
TELEPHONE	542	542	542	542	542	542	542	542	542	542	542	542
UTILITIES	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
REAL ESTATE TAXES	792	792	792	792	792	792	792	792	792	792	792	792
PROFESSIONAL FEES	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333
US TRUSTEE FEES	-	-	-	-	-	-	-	-	-	-	-	-
VEHICLE EXPENSES	417	417	417	417	417	417	417	417	417	417	417	417
RECREATION	500	500	500	500	500	500	500	500	500	500	500	500
REPAIRS AND MAINTENANCE	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417
MEDICAL EXPENSES	333	333	333	333	333	333	333	333	333	333	333	333
FOOD & CLOTHING	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>
	<u>11,167</u>	<u>11,167</u>	<u>11,167</u>	<u>11,167</u>	<u>11,167</u>	<u>11,167</u>	<u>11,167</u>	<u>11,167</u>	<u>11,167</u>	<u>11,167</u>	<u>11,167</u>	<u>11,167</u>
NET OPERATING INCOME	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83
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RALPH ROBERTS  
PROJECTIONS  
PLAN YEAR 4

	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
REVENUES												
SALARY	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667
GROSS REVENUE:	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>
DISBURSEMENTS												
INSURANCE (AUTO)	375	375	375	375	375	375	375	375	375	375	375	375
INSURANCE (HOMEOWNERS)	250	250	250	250	250	250	250	250	250	250	250	250
INSURANCE (MEDICAL)	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917
TELEPHONE	542	542	542	542	542	542	542	542	542	542	542	542
UTILITIES	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083
REAL ESTATE TAXES	833	833	833	833	833	833	833	833	833	833	833	833
PROFESSIONAL FEES	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917
US TRUSTEE FEES	-	-	-	-	-	-	-	-	-	-	-	-
VEHICLE EXPENSES	458	458	458	458	458	458	458	458	458	458	458	458
RECREATION	667	667	667	667	667	667	667	667	667	667	667	667
REPAIRS AND MAINTENANCE	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
MEDICAL EXPENSES	417	417	417	417	417	417	417	417	417	417	417	417
FOOD & CLOTHING	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
	<u>11,459</u>	<u>11,459</u>	<u>11,459</u>	<u>11,459</u>	<u>11,459</u>	<u>11,459</u>	<u>11,459</u>	<u>11,459</u>	<u>11,459</u>	<u>11,459</u>	<u>11,459</u>	<u>11,459</u>
NET OPERATING INCOME	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

RALPH ROBERTS  
PROJECTIONS  
PLAN YEAR 5

	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
REVENUES												
SALARY	\$ 12,083	\$ 12,083	\$ 12,083	\$ 12,083	\$ 12,083	\$ 12,083	\$ 12,083	\$ 12,083	\$ 12,083	\$ 12,083	\$ 12,083	\$ 12,083
GROSS REVENUE:	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>
DISBURSEMENTS												
INSURANCE (AUTO)	417	417	417	417	417	417	417	417	417	417	417	417
INSURANCE (HOMEOWNERS)	267	267	267	267	267	267	267	267	267	267	267	267
INSURANCE (MEDICAL)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TELEPHONE	542	542	542	542	542	542	542	542	542	542	542	542
UTILITIES	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167
REAL ESTATE TAXES	875	875	875	875	875	875	875	875	875	875	875	875
PROFESSIONAL FEES	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
US TRUSTEE FEES	-	-	-	-	-	-	-	-	-	-	-	-
VEHICLE EXPENSES	500	500	500	500	500	500	500	500	500	500	500	500
RECREATION	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
REPAIRS AND MAINTENANCE	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
MEDICAL EXPENSES	417	417	417	417	417	417	417	417	417	417	417	417
FOOD & CLOTHING	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667
	<u>11,852</u>	<u>11,852</u>	<u>11,852</u>	<u>11,852</u>	<u>11,852</u>	<u>11,852</u>	<u>11,852</u>	<u>11,852</u>	<u>11,852</u>	<u>11,852</u>	<u>11,852</u>	<u>11,852</u>
NET OPERATING INCOME	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>

#### D. Tax Ramifications

The following is a summary of certain U.S. federal income tax consequences to the Debtors and to certain holders of Claims that are expected to result from implementation of the Plan. This discussion is based on the IRC, as amended, Treasury Regulations in effect on the date of this Disclosure Statement, and administrative and judicial interpretations thereof available on or before such date. All of the foregoing are subject to change, which change could apply retroactively and could affect the federal income tax consequences described below. There can be no assurance that the IRS will not take a contrary view with respect to one or more of the issues discussed below. No ruling has been applied for or received from the IRS with respect to any of the tax aspects of the Plan and no opinion of counsel has been requested or received by the Debtors with respect thereto.

The following summary is for general information only and does not purport to address all of the U.S. federal income tax consequences that may be applicable to any particular holder. The tax consequences to holders may vary based upon the individual circumstances of each holder. In addition, this discussion does not address any aspect of local, state or foreign taxation, or any estate or gift tax consequences of the Plan.

The following assumes that the Plan will be implemented as described herein and does not address the tax consequences if the Plan is not carried out. This discussion further assumes that the various debt and other arrangements to which either of the Debtors are parties and any Distributions and allocations provided for under the Plan will be respected for federal income tax purposes in accordance with their respective forms or as described below.

THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND SUBJECT TO SIGNIFICANT UNCERTAINTIES. THIS DISCUSSION DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION CONCERNING THE MATTERS DESCRIBED. THERE CAN BE NO ASSURANCE THAT THE IRS WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. EACH HOLDER OF A CLAIM IS URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES OF THE PLAN.

##### 1. U.S. Federal Income Tax Consequences to the Debtors

The Debtors expect that they will have consolidated net operating loss (“NOL”) carryforwards to the year ended December 31, 2011 and, to the extent not used or eliminated in that year, to subsequent years. The amount of such NOLs and NOL carryforwards remains subject to review and adjustment by the IRS and to limitations imposed by Sections 108 and 382 of the Internal Revenue Code (“IRC”), as discussed below.

##### a. *Cancellation of Debt Income*

The Debtors will realize cancellation of debt income (“CODI”) as a result of the reduction of certain debts and the discharge of Allowed Claims under the Plan. However, CODI is not taxable to a debtor if the debt discharge occurs in a title 11 bankruptcy case. Rather, under Section 108 of the IRC, such CODI instead may reduce certain of the Debtors’ tax attributes,



generally in the following order: (a) net operating losses and net operating loss carryforwards (“NOLs”); (b) general business credit carryforwards; (c) minimum tax credit carryforwards; (d) capital loss carryforwards; (e) the tax basis of depreciable and nondepreciable assets (but not below the amount of their liabilities immediately after the discharge); (f) passive activity loss and credit carryforwards; and (g) foreign tax credit carryforwards. A debtor may elect to alter the preceding order of attribute reduction and, instead, first reduce the tax basis of its depreciable assets (and, possibly, the depreciable assets of its subsidiaries) and then to reduce NOLs and certain other tax attributes. The reduction in tax attributes occurs only after the tax for the year of the debt discharge has been determined (i.e., such attributes may be available to offset taxable income that accrues between the date of discharge and the end of the taxable year). Any excess CODI over the amount of available tax attributes is not subject to United States federal income tax and has no other United States federal income tax impact.

## 2. U.S. Federal Income Tax Consequences to Holders of Certain Claims

The U.S. federal income tax consequences of the transactions contemplated by the Plan to holders of Claims arising from distributions to be made under the Plan may vary depending upon, among other things, the type of consideration received by the holder in exchange for the indebtedness it holds, the nature of the indebtedness owing to it, whether the holder is a corporation, whether the holder has previously claimed a bad debt or worthless security deduction in respect of its Claim, whether such Claim constitutes a “security” for purposes of reorganization provisions or other provisions of the IRC, whether the holder is a resident of the United States for tax purposes, whether the holder reports income on an accrual or cash basis, and whether the holder receives Distributions under the Plan in more than one taxable year. This discussion assumes that the holder has not taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or any prior year and that such Claim did not become completely or partially worthless in a prior taxable year. Moreover, the Debtors intend to claim deductions to the extent they are permitted to deduct any amounts they pay in cash, stock or other property pursuant to the Plan.

### a. *Distributions in Discharge of Accrued But Unpaid Interest*

In general, to the extent that money or property received by a holder of an unsecured claim is received in satisfaction of interest accrued during its holding period, such amount will be taxable to the holder as interest income (if not previously included in the holder’s gross income). Conversely, such a holder will recognize a deductible loss to the extent that any accrued interest claimed was previously included in gross income and is not paid in full. Holders of Claims for or including accrued interest should consult their own tax advisors.

## 3. Importance of Obtaining Professional Tax Advice

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims are hereby notified that: (i) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims for the purpose of avoiding penalties that may be imposed on them under the IRC, (ii) such discussion is written in connection with the promotion or marketing of the transactions or

matters discussed herein, and (iii) holders of Claims should seek advice based on their particular circumstances from an independent tax advisor.

## VI. LEGAL REQUIREMENTS

### A. Required Information

The following language in this Part VI.A is required by the Court. Voting procedures and standards are described in greater detail in VI.A.3: Confirmation of the Plan.

#### 1. *Voting Procedures*

Under the Bankruptcy Code, the only classes that are entitled to vote to accept or reject a plan are classes of claims or equity interests that are impaired under the plan. Accordingly, classes of claims or interests that are not impaired are not entitled to vote on the plan. Creditors that hold claims in more than one impaired class are entitled to vote separately in each class. Such a creditor will receive a separate ballot for all of its claims in each class (in accordance with the records of the Clerk of the Court) and should complete and sign each ballot separately. A creditor who asserts a claim in more than one class and who has not been provided with sufficient ballots may photocopy the ballot received and file multiple ballots.

Votes on the plan will be counted only with respect to claims: (a) that are listed on the Debtors' Schedules of Assets and Liabilities other than as disputed, contingent or unliquidated; or (b) for which a proof of claim was filed on or before the bar date set by the Court for the filing of proofs of claim (except for certain claims expressly excluded from that bar date or which are allowed by Court order). However, any vote by a holder of a claim will not be counted if such claim has been disallowed or is the subject of an unresolved objection, absent an order of the Court allowing such claim for voting purposes pursuant to 11 U.S.C. § 502 and Bankruptcy Rule 3018.

Voting on the plan by each holder of a claim or interest in an impaired class is important. After carefully reviewing the plan and disclosure statement, each holder of such a claim or interest should vote on the enclosed ballot either to accept or to reject the plan, and then return the ballot by mail to the Debtors' attorney by the deadline previously established by the court.

Any ballot that does not appropriately indicate acceptance or rejection of the plan will not be counted. A ballot that is not received by the deadline will not be counted.

If a ballot is damaged, lost, or missing, a replacement ballot may be obtained by sending a written request to the Debtors' attorney.

#### 2. *Acceptance*

The Bankruptcy Code defines acceptance of a plan by an impaired class of claims as acceptance by the holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots. The Bankruptcy Code defines acceptance of a plan by an impaired class of equity interests as acceptance by holders of at least two thirds in number of the equity interests of that class that actually cast ballots. If no creditor or interest holder in an impaired class votes, then that class has not accepted the plan.

### 3. *Confirmation*

11 U.S.C. § 1129(a) establishes conditions for the confirmation of a plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process. Among the several conditions for confirmation of a plan under 11 U.S.C. § 1129(a) are these:

- (1) Each class of impaired creditors and interest must accept the plan, as described in paragraph VI.A.2, above.
- (2) Either each holder of a claim or interest in a class must accept the plan, or the plan must provide at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy Code.

### 4. *Modification*

The Debtors reserve the right to modify or withdraw the plan at any time before confirmation.

### 5. *Effect of confirmation*

If the plan is confirmed by the Court:

- (1) Its terms are binding on the Debtors, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the plan.
- (2) Except as provided in the plan:
  - (a) In the case of a corporation that is reorganizing and continuing business:
    - i) All claims and interests will be discharged.
    - ii) Creditors and shareholders will be prohibited from asserting their claims against or interest in the debtor or its assets.
  - (b) In the case of a corporation that is liquidating and not continuing its business:
    - i) Claims and interests will not be discharged.
    - ii) Creditors and shareholders will not be prohibited from asserting their claims against or interests in the debtor or its assets.
  - (c) In the case of an individual or husband and wife:
    - i) Claims will be discharged, except as provided in 11 U.S.C. §§ 523 and 1141(d).

- ii) Creditors will be prohibited from asserting their claims except as to those debts which are not discharged or dischargeable under 11 U.S.C. §§ 523 and 1141(d).

Paragraphs VI.A.5.(2)(a) and VI.A.5.(2)(c) apply in these Chapter 11 Cases.

#### *6. Additional Information*

Under the Plan, the impaired Classes are Classes 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE COMPLETED PROPERLY AS DESCRIBED IN THIS DISCLOSURE STATEMENT AND IN ACCORDANCE WITH THE BALLOT AND THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED BY THE DEBTORS' ATTORNEY NO LATER THAN THE VOTING DEADLINE.

By signing and returning the Ballot, each holder of a Claim entitled to vote will also be confirming that (i) such holder and/or agents acting on its behalf have had the opportunity to ask questions of and receive answers from the Debtors concerning the terms of the Plan and other related matters; (ii) the Debtors have made available to such holder or its agents all documents and information relating to the Plan and related matters reasonably requested by or on behalf of such holder; and (iii) except for information provided by the Debtors or their agents in writing, such holder has not relied on any statements made or other information received from any person with respect to the Plan.

Voting on the Plan by each holder of a Claim or interest in an impaired class is important. After carefully reviewing the Plan and Disclosure Statement, each holder of such a Claim or interest should vote on the enclosed ballot either to accept or to reject the Plan, and then return the ballot by mail to the Debtors by the deadline previously established by the Court.

#### *7. Waivers of Defects, Irregularities, Etc.*

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility, acceptance, and revocation or withdrawal of Ballots will be determined by the Debtors in their sole discretion, which determination will be final and binding. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of Ballots must be delivered to the Debtors prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to reject any and all Ballots not in proper form, the acceptance of which would, in their opinion or that of their counsel, be unlawful. The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors or the Bankruptcy Court determines. Neither of the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to delivery of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived.

## 8. *Withdrawal of Ballots; Revocation*

Any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to counsel for the Debtors at any time before the Voting Deadline. A notice of withdrawal, to be valid, must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the Ballot sought to be withdrawn, and (iv) be received by counsel for the Debtors in a timely manner at the address set forth below.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of a Ballot that is not received in a timely manner by counsel for the Debtors will not be effective to withdraw a previously cast Ballot.

## 9. *Further Information; Additional Copies*

IF A BALLOT IS DAMAGED, LOST OR MISSING, A REPLACEMENT BALLOT MAY BE OBTAINED BY SENDING A WRITTEN REQUEST TO COUNSEL FOR THE DEBTORS IF YOU HAVE ANY QUESTIONS ABOUT THE PROCEDURE FOR VOTING YOUR CLAIM OR WITH RESPECT TO THE PACKET OF MATERIALS THAT YOU HAVE RECEIVED, OR IF YOU WISH TO OBTAIN AN ADDITIONAL COPY OF THE PLAN, THIS DISCLOSURE STATEMENT OR ANY APPENDICES OR EXHIBITS TO SUCH DOCUMENTS, PLEASE CONTACT HANNAH MUFSON MCCOLLUM, 24901 NORTHWESTERN HWY., SUITE 444, SOUTHFIELD, MICHIGAN, 48075, OR BY TELEPHONE AT (248) 350-8220.

## VII. CONFIRMATION OF THE PLAN

### A. Acceptance

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of findings concerning the Plan and the Debtors, including that: (i) the Plan classifies Claims and Equity Interests in a permissible manner; (ii) the Plan complies with applicable provisions of the Bankruptcy Code; (iii) the Debtors complied with applicable provisions of the Bankruptcy Code; (iv) the Plan has been accepted by the requisite votes of holders of Claims (except to the extent that confirmation is available under section 1129(b) of the Bankruptcy Code); (v) the Plan has been proposed in good faith and not by any means forbidden by law; (vi) the disclosure required by section 1125 of the Bankruptcy Code has been made; (vii) the Plan is feasible and confirmation will likely not be followed by the liquidation or the need for further financial reorganization of the Debtors, unless such liquidation or reorganization is proposed in the Plan; (viii) the Plan is in the “best interests” of all holders of Claims in an impaired Class by providing to such holders on account of their Claims property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain in a chapter 7 liquidation, unless each holder of a Claim in such Class has accepted the Plan; (ix) all fees and expenses payable under 28 U.S.C. § 1930 (fees owing to the bankruptcy clerk and the United States

Trustee) have been paid or the Plan provides for their payment on the Effective Date; and (x) if applicable, the Plan provides for the continuation after the Effective Date of all retiree benefits, as defined under section 1114 of the Bankruptcy Code, at the level established prior to confirmation for the duration of the period that the Debtor has obligated itself to provide such benefits.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that Class, but for that purpose counts only those who actually vote to accept or reject the plan. Thus, a class will have voted to accept the Plan if two-thirds (2/3) in amount and a majority in number actually voting cast their Ballots in favor of acceptance.

#### B. Best Interests Test

Notwithstanding acceptance of the Plan by the requisite majorities of the holders of Claims in Classes entitled to vote, in order to confirm the Plan, the Bankruptcy Court must independently determine that the Plan is in the best interests of all Classes impaired by the Plan. In order to Confirm the Plan, the Bankruptcy Court must find that the Plan provides to each Entity that rejects the Plan a recovery which has a value at least equal to the value of the distribution that each such Entity would receive if all of the Debtors' assets which are property of their estate were liquidated under Chapter 7 of the Bankruptcy Code.

To calculate what creditors would recover in a Chapter 7 liquidation, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the Debtors' remaining assets if the Chapter 11 Cases were converted to Chapter 7 and the assets were liquidated by a trustee in bankruptcy. Upon liquidation, the potential distribution available to creditors may be reduced (a) by the costs of liquidation under Chapter 7, which costs would include the compensation of a trustee, disposition expenses, including possible transfer taxes which may not be payable under Chapter 11, all unpaid expenses incurred by the Debtors during the Chapter 11 Cases (such as compensation of professionals), litigation costs (if any), and Claims arising during the pendency of the Chapter 11 Cases and the Chapter 7 liquidation proceedings, and (b) to the extent of the value of the Collateral securing the Claims of secured creditors. There may be included Chapter 11 Administrative Expense Claims for the failure of the Debtors to fulfill post-petition contracts, if any. These Claims would have to be paid in full out of the liquidation proceeds before the balance, if any, would be made available to pay unsecured creditors.

The Debtors have prepared a Liquidation Analysis to show the anticipated distribution to creditors in a Chapter 7 liquidation of the Debtors. As demonstrated in the Liquidation Analysis, it is anticipated that creditors would receive far less in a Chapter 7 liquidation than they would under the Plan, and, therefore, this requirement will easily be satisfied.

#### C. Nonconsensual Confirmation

The Bankruptcy Code contains provisions for confirmation of a plan even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has voted to

accept the plan. These “cramdown” provisions are set forth in Section 1129(b) of the Bankruptcy Code.

The Plan may be confirmed pursuant to the cramdown provisions if, in addition to satisfying other requirements of section 1129 of the Bankruptcy Code, the Plan: (i) “does not discriminate unfairly” and (ii) “is fair and equitable with respect to each Class of claims or equity interests that is impaired under, and has not accepted, the Plan.” As used by the Bankruptcy Code, the phrases “discriminate unfairly” and “fair and equitable” have meanings unique to bankruptcy law.

The requirement that a plan “not discriminate unfairly” means that a dissenting class must be treated equally with respect to other classes of equal rank. A plan does not discriminate unfairly if claims or interests in different classes but with similar priorities and characteristics receive or retain property of a similar value under a plan. A plan may provide for different treatment for different classes if the claims or interests in such classes have different priorities or characteristics.

By establishing separate Classes for the holders of each type of Claim and Equity Interest and by treating each holder of a Claim and Equity Interest in each Class the same, the Debtors submit that the Plan does not “discriminate unfairly” with respect to any Class of Claims or Equity Interests. The Plan separately classifies the Debtors’ ongoing secured obligations and their remaining unsecured obligations separately. Should the Debtors seek to cramdown the Plan because an impaired Class has voted to reject the Plan, they believe the Plan is fair and equitable, because each secured creditor will receive the approximate value of its collateral through the Plan, or will continue to receive payments under applicable contract documents. Further, to the extent that unsecured creditors are in a separate class, this classification is appropriate because the Claims in these Classes have entirely different characteristics and may be treated differently.

The “fair and equitable” standard, also known as the “absolute priority rule,” has different meanings with respect to secured and unsecured claims. With respect to secured claims, for a plan to be fair and equitable, the plan may provide, among other things, that the holder of such claims retain the liens securing those claims to the extent of the allowed amount of such claims, and that such holder receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim of a value, as of the effective date of the plan, of at least the value of such holder’s interest in the estate’s interest in such property. Alternatively, a plan may provide for the realization by the holders of secured claims of the indubitable equivalent of such claims.

With respect to a class of unsecured creditors, a plan may be fair and equitable if it provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date, equal to the allowed amount of the claim, or if it provides that the holder of a claim or interest that is junior to the claims of such class will not receive or retain distributions or interests under the plan on account of such junior claim or interest any property.

Here, with respect to Realty, the Plan satisfies the absolute priority rule because Mr. Roberts, Realty’s sole owner, is waiving his claim against Realty. As Realty owes Mr. Roberts approximately \$1.35 million dollars, this claims waiver is substantial. Further, Mr. Roberts

would, had this bankruptcy not been filed, be entitled to a share of future commissions generated by Realty. Mr. Roberts is also waiving this right as part of the Plan. Finally, as to Mr. Roberts himself, because he is an individual debtor, the absolute priority rule does not apply. As a result, the Debtors have satisfied the absolute priority rule. Mr. Roberts further believes that he has satisfied the “fair and equitable” standard by committing his disposable monthly income for the next five years to creditor payments under the Plan. The Debtors reserve the right to amend the Plan or to seek confirmation under Section 1129(b) of the Bankruptcy Code in the event any impaired Class votes to reject the Plan. However, the Debtors anticipate that all impaired Classes of Claims will vote to accept the Plan.

#### D. Feasibility

The Bankruptcy Code permits a plan to be confirmed if it is not likely to be followed by liquidation or the need for further financial reorganization unless such liquidation or reorganization is proposed in the Plan. The Debtors have prepared financial projections and believe that the financial restructuring provided for by the Plan will provide them with a sustainable long-term capital structure, positioning them for a return to profitability and future growth. The Debtors anticipate that the Projections will demonstrate that the feasibility requirement under the Bankruptcy Code will be met.

### VIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the alternatives include (i) liquidation under Chapter 7 of the Bankruptcy Code, and (ii) the preparation and presentation of an alternative plan of reorganization.

#### A. Liquidation Under Chapter 7

If no Chapter 11 plan can be confirmed, this case may be converted to a case under Chapter 7 of the Bankruptcy Code, in which a trustee would be elected or appointed to liquidate the Debtors’ assets, subject to their claims of exemption and their right to reaffirm debts. A discussion of the anticipated effect that a Chapter 7 liquidation would have on the recoveries of holders of Claims is set forth above in Section VII.B. The Debtors believe that liquidation under Chapter 7 would result in, among other things, lower distributions being made to creditors than those provided in the Plan, and that no or few assets would be available to distribute to general creditors.

#### B. Alternative Plan of Reorganization

If the Plan is not confirmed, the Debtors (or any other party in interest once the Debtors’ exclusivity period has expired) could attempt to formulate a different plan of reorganization. The Debtors believe that this Plan is the best result for all interested parties. The Plan, in the Debtors’ opinion, represents the best alternative to protect the interests of creditors and parties in interest.



## IX. CERTAIN FACTORS TO BE CONSIDERED

### A. Risks of Bankruptcy

#### 1. *Objection to Classifications*

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court would reach the same conclusion.

The Plan separately classifies Claims into six Classes. The claims in these Classes have different characteristics and it is therefore appropriate for such claims to be separately classified.

#### 2. *Risk of Non-Confirmation of the Plan*

Even if all Classes entitled to vote accept the Plan, the Plan might not be confirmed by the Bankruptcy Court. As discussed above, Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, that the confirmation of a plan of reorganization is not likely to be followed by the liquidation or the need for further financial reorganization, and that the value of distributions to dissenting creditors and equity security holders not be less than the value of distributions such creditors and equity security holders would receive if the Debtors' non-exempt assets were liquidated under Chapter 7 of the Bankruptcy Code. The Debtors believe that the Plan satisfies all the requirements for Confirmation of a plan of reorganization under the Bankruptcy Code. There can be no assurance, however, that the Bankruptcy Court will conclude that the requirements for Confirmation of the Plan have been satisfied.

### B. Risks Associated with the Reorganization

Factors that could negatively impact the Debtors include, without limitation: loss of employment, a further drop in the value of real estate, a further slow-down of the economy, a further reduction in jobs and/or income in the region, and/or rising energy costs. Any one or more these factors, if occurring, may adversely affect projected operating results and financial condition.


### C. Risks Relating to Cash for Plan Distributions


The Debtors' ability to fund Cash distributions under the Plan, and therefore consummate the Plan in its present form, is dependent on their income from their employment.

## X. CONCLUSION

RALPH ROBERTS REALTY, LLC AND RALPH R. ROBERTS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST THEM AND STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

Dated: June 13, 2012

  
\_\_\_\_\_  
RALPH ROBERTS REALTY, LLC  
BY: Ralph R. Roberts  
ITS: President

-and-  
  
\_\_\_\_\_  
Ralph R. Roberts

## **TABLE OF EXHIBITS**

Exhibit A	Potential Preference Actions – Non-Insiders
Exhibit B	Potential Preference Actions – Insiders
Exhibit C	List of Executory Contracts and Leases to be Rejected
Exhibit D	Threatened and Pending Litigation
Exhibit E	Retained Causes of Action
Exhibit F	2009, 2010 and 2011 Financial Statements

## EXHIBIT A

### POTENTIAL PREFERENCE ACTIONS – NON-INSIDERS

Name	Amount Paid in Preference Period
Bryan Flint	\$8,085.06
Deborah Bjorkley	\$6,630.00
Pacer, Inc.	\$10,569.28
Re/Max Classic	\$7,050.00
Sterling Limited Partnership	\$9,648.46
Walid Bast	\$6,715.50
JPMorgan Chase Bank, N.A. (second mortgage)	\$7,149.00

The Debtors believe that the above potentially preferential transfers are subject to statutory defenses, including, but not limited to, ordinary course and new value as those terms are defined in 11 U.S.C. §547.

## **EXHIBIT B**

### **POTENTIAL PREFERENCE ACTIONS – INSIDERS**

Name	Amount Paid in Preference Period
Ralph Roberts	\$60,380.00

The Debtors believe that the above potentially preferential/fraudulent transfers are subject to statutory defenses, including, but not limited to, ordinary course and new value as those terms are defined in 11 U.S.C. §547 and were provided in exchange for services of reasonably equivalent value, as referenced in 11 U.S.C. §548.

## EXHIBIT C

### THREATENED AND PENDING LITIGATION

Case Caption	Case Number
Charles Ferarolis, <i>et al.</i> v. Ralph R. Roberts, <i>et al.</i>	2011-000782-CK (Macomb County Circuit Court)
Bryan Legree v Jerone Turner, <i>et al.</i>	11-4713 (16 <sup>th</sup> Judicial Circuit, State of MI) 11-07001 (MIEB removed adversary proceeding number)
Miscellaneous collection actions on behalf of properties for which Ralph Roberts Realty, LLC is a property manager, including, but not limited to:  Ralph Roberts Realty, LLC v Moyer Ralph Roberts Realty, LLC v Lowe Ralph Roberts Realty, LLC v Reemer Ralph Roberts Realty, LLC v Armstrong Ralph Roberts Realty, LLC v Manaia Capital Mgmt. Ralph Roberts Realty, LLC v Almaki Ralph Roberts Realty, LLC v Davis Ralph Roberts Realty, LLC v Nowak Ralph Roberts Realty, LLC v Bush Ralph Roberts Realty, LLC v Bellman	Various
American Construction Enterprises, LLC <i>et al.</i> v. Michigan Foreclosure Freedom, <i>et al.</i>	2011-003977-CH (Macomb County Circuit Court)
LeVaasseur Dyer & Associates P.C. v. Ralph R. Roberts	12-0164-CK (45A Judicial Circuit, State of MI)

**EXHIBIT D**

**EXECUTORY CONTRACTS AND LEASES TO BE REJECTED**

**NONE.**

## EXHIBIT E

### RESERVED CAUSES OF ACTION

Potential Counterparty	Litigation	Amount of Potential Claim	Subject to defenses?
Bryan Flint		\$8,085.06	Yes; Mr. Flint is an employee of Realty, and thus these payments were on account of claims that would otherwise be entitled to priority as well as subject to ordinary course and new value defenses. The Debtors do not intend to pursue this claim, although reserve the right to do so by including it on this exhibit.
Deborah Bjorkley		\$6,630.00	Yes; Ms. Bjorkley is an employee of Realty, and thus these payments were on account of claims that would otherwise be entitled to priority as well as subject to ordinary course and new value defenses. The Debtors do not intend to pursue this claim, although reserve the right to do so by including it on this exhibit.
Pacer, Inc.		\$10,569.28	Yes; ordinary course, subsequent new value
Re/Max Classic		\$7,050.00	The Debtors have not analyzed the potential defenses to this claim
Sterling Limited Partnership		\$9,648.46	Yes; CIA/COD defense (payment was for rent), ordinary course, subsequent new value
Walid Bast		\$6,715.50	The Debtors have not analyzed the potential defenses to this claim
JPMorgan Chase Bank, N.A. (second mortgage)		\$7,149.00	Yes; creditor is secured, although not in property owned by either of the Debtors
Jon Savoy		\$150,000	Account receivable; subject to potential collectability issues



Butch Hassig	\$100,000	Account receivable; subject to potential collectability issues
Dennis Stevens	\$10,000	Account receivable; subject to potential collectability issues
1836 Brys	\$1,153	Account receivable; subject to potential collectability issues
Adam Residential Properties	\$3,500	Account receivable; subject to potential collectability issues
Prime Residential Properties	\$7,500	Account receivable; subject to potential collectability issues
Ryan Residential Properties	\$2,500	Account receivable; subject to potential collectability issues
Charles Ferarolis, <i>et al.</i> (as reflected in caption of currently pending Macomb County state court case)	Unknown	Action for accounting of amounts paid, amounts applied to interest and principal, potential misapplication of payments, and wrongful refusal to apply appropriate setoffs against debt
Ralph R. Roberts	\$117,000	Yes; Mr. Roberts received these payments as an employee of Realty and these payments were on account of claims that would otherwise be entitled to priority as well as subject to ordinary course and new value defenses. The Debtors do not intend to pursue this claim, although reserve the right to do so by including it on this exhibit.

## **EXHIBIT F**

### **PRE PETITION FINANCIAL INFORMATION**

Form **1065**Department of the Treasury  
Internal Revenue Service

# U.S. Return of Partnership Income

For calendar year 2009, or tax year beginning \_\_\_\_\_, 2009,  
ending \_\_\_\_\_, 20 \_\_\_\_\_.  
▶ See separate instructions.

OMB No. 1545-0099

**2009**

<b>A</b> Principal business activity  <b>SALES</b>	<b>Use the IRS label. Otherwise, print or type.</b>	<b>Name of partnership</b> <b>RALPH ROBERTS REALTY, L.L.C.</b>		<b>D</b> Employer identification number <b>20-2660635</b>
<b>B</b> Principal product or service <b>REAL ESTATE</b>		<b>Number, street, and room or suite number. If a P.O. box, see the instructions.</b> <b>18299 TARA DRIVE</b>		<b>E</b> Date business started <b>03/15/05</b>
<b>C</b> Business code number <b>531210</b>		<b>City or town</b> <b>CLINTON TOWNSHIP</b>	<b>State ZIP code</b> <b>MI 48036-3632</b>	<b>F</b> Total assets (see instrs) <b>\$ 99,926.</b>

**G** Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return (6) ☐ Technical termination - also check (1) or (2)

**H** Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) \_\_\_\_\_ ▶

**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year. \_\_\_\_\_ ▶ **2**

**J** Check if Schedules C and M-3 are attached \_\_\_\_\_ ☐

**Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.**

<b>INCOME</b>	<b>1a</b> Gross receipts or sales	<b>1a</b>	<b>277,371.</b>	
	<b>b</b> Less returns and allowances	<b>1b</b>		<b>1c</b> <b>277,371.</b>
	<b>2</b> Cost of goods sold (Schedule A, line 8)			<b>2</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c			<b>3</b> <b>277,371.</b>
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			<b>4</b>
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))			<b>5</b>
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			<b>6</b>
	<b>7</b> Other income (loss) (attach statement)			<b>7</b>
	<b>8</b> Total income (loss). Combine lines 3 through 7	<b>8</b>	<b>277,371.</b>	
<b>SEE INSTRUCTIONS FOR DEDUCTIONS</b>	<b>9</b> Salaries and wages (other than to partners) (less employment credits)			<b>9</b> <b>16,143.</b>
	<b>10</b> Guaranteed payments to partners			<b>10</b>
	<b>11</b> Repairs and maintenance			<b>11</b> <b>579.</b>
	<b>12</b> Bad debts			<b>12</b>
	<b>13</b> Rent			<b>13</b>
	<b>14</b> Taxes and licenses			<b>14</b> <b>1,375.</b>
	<b>15</b> Interest			<b>15</b>
	<b>16a</b> Depreciation (if required, attach Form 4562)	<b>16a</b>	<b>1,983.</b>	
	<b>b</b> Less depreciation reported on Schedule A and elsewhere on return	<b>16b</b>		<b>16c</b> <b>1,983.</b>
	<b>17</b> Depletion (Do not deduct oil and gas depletion.)			<b>17</b>
	<b>18</b> Retirement plans, etc			<b>18</b>
	<b>19</b> Employee benefit programs			<b>19</b>
	<b>20</b> Other deductions (attach statement)		<b>*. STMT</b>	<b>20</b> <b>179,722.</b>
	<b>21</b> Total deductions. Add the amounts shown in the far right column for lines 9 through 20	<b>21</b>		<b>199,802.</b>
<b>22</b> Ordinary business income (loss). Subtract line 21 from line 8	<b>22</b>		<b>77,569.</b>	

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager \_\_\_\_\_ Date \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instrs)? ☒ Yes ☐ No

**Paid Preparer's Use Only**

Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed ☒ Preparer's SSN or PTIN **222-40-0000**

Firm's name (or yours if self-employed), address, and ZIP code **SIRIANNI & COMPANY, PLLC**  
**2898 PHEASANT RING DR**  
**ROCHESTER HILLS MI 48309-2857**

EIN **26-2721789**  
Phone no. **(248) 375-5201**

BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

PTPA0112 02/24/10

Form 1065 (2009)

**Schedule A** Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year.....	1	
2	Purchases less cost of items withdrawn for personal use.....	2	
3	Cost of labor.....	3	
4	Additional section 263A costs (attach statement).....	4	
5	Other costs (attach statement).....	5	
6	Total. Add lines 1 through 5.....	6	
7	Inventory at end of year.....	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.....	8	

## 9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations section 1.471-3  
 (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4  
 (iii) ☐ Other (specify method used and attach explanation).....

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c)..... ☐ Yes ☐ Noc Check this box if the LIFO inventory method was adopted this tax year for any good *if checked, attach Form 970*..... ☐ Yes ☐ Nod Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?..... ☐ Yes ☐ Noe Was there any change in determining quantities, cost, or valuations between opening and closing inventory?..... ☐ Yes ☐ No

If 'Yes,' attach explanation.

**Schedule B** Other Information

## 1 What type of entity is filing this return? Check the applicable box:

- a ☐ Domestic general partnership      b ☐ Domestic limited partnership  
 c ☒ Domestic limited liability company      d ☐ Domestic limited liability partnership  
 e ☐ Foreign partnership      f ☐ Other .....

Yes No

2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?..... ☐ Yes ☒ No

## 3 At the end of the tax year:

a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership..... ☒ Yes ☐ Nob Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership..... ☐ Yes ☒ No

## 4 At the end of the tax year, did the partnership:

a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below..... ☐ Yes ☒ No

(i) Name of Corporation

(ii) Employer  
Identification  
Number (if any)(iii) Country of  
Incorporation(iv) Percentage  
Owned in  
Voting Stockb Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v) below..... ☐ Yes ☒ No

(i) Name of Entity

(ii) Employer  
Identification  
Number (if any)(iii) Type of  
Entity(iv) Country of  
Organization(v) Maximum  
Percentage  
Owned in Profit,  
Loss, or Capital

	Yes	No
5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details . . . . .		X
6 Does this partnership satisfy all four of the following conditions? a The partnership's total receipts for the tax year were less than \$250,000. b The partnership's total assets at the end of the tax year were less than \$1 million. c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. d The partnership is not filing and is not required to file Schedule M-3 . . . . . If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.	X	
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)? . . . . .		X
8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? . . . . .		X
9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction? . . . . .		X
10 At any time during calendar year 2009, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If 'Yes,' enter the name of the foreign country. . . . .		X
11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions. . . . .		X
12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? . . . . . See instructions for details regarding section 754 election.		X
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions. . . . .		X
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions . . . . .		X
13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than entities wholly-owned by the partnership throughout the tax year) . . . . . <input type="checkbox"/>		
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in a partnership property? . . . . .		X
15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions . . . . .		
16 Does the partnership have any foreign partners? If 'Yes,' enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. . . . .		X
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return . . . . .		

**Designation of Tax Matters Partner** (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP	▶ RALPH R. ROBERTS	Identifying number of TMP	▶ [REDACTED]
If the TMP is an entity, name of TMP representative	▶	Phone number of TMP	▶ (586) 751-0000
Address of designated TMP	▶ 18299 TARA DR. CLINTON TOWNSHIP, MI 48036-3632		

Form 1065 (2009)

**Schedule K Partners' Distributive Share Items**

		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22) .....	1 77,569.
	2 Net rental real estate income (loss) (attach Form 8825) .....	2
	3a Other gross rental income (loss) .....	3a
	b Expenses from other rental activities (attach stmt) .....	3b
	c Other net rental income (loss). Subtract line 3b from line 3a. ....	3c
	4 Guaranteed payments .....	4
	5 Interest income .....	5 12.
	6 Dividends: a Ordinary dividends .....	6a
	b Qualified dividends .....	6b
	7 Royalties .....	7
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) .....	8
Income (Loss)	9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) .....	9a
	b Collectibles (28%) gain (loss) .....	9b
	c Unrecaptured section 1250 gain (attach statement) .....	9c
10 Net section 1231 gain (loss) (attach Form 4797) .....	10	
11 Other income (loss) (see instructions) Type ▶ .....	11	
Deductions	12 Section 179 deduction (attach Form 4562) .....	12
	13a Contributions .....	13a
	b Investment interest expense .....	13b
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶ .....	13c (2)
d Other deductions (see instructions) Type ▶ .....	13d	
Self-Employment	14a Net earnings (loss) from self-employment .....	14a 77,569.
	b Gross farming or fishing income .....	14b
	c Gross nonfarm income .....	14c 277,371.
Credits	15a Low-income housing credit (section 42(j)(5)) .....	15a
	b Low-income housing credit (other) .....	15b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) .....	15c
	d Other rental real estate credits (see instructions) Type ▶ .....	15d
	e Other rental credits (see instructions) Type ▶ .....	15e
	f Other credits (see instructions) Type ▶ .....	15f
Foreign Transactions	16a Name of country or U.S. possession ... ▶ .....	
	b Gross income from all sources .....	16b
	c Gross income sourced at partner level .....	16c
	Foreign gross income sourced at partnership level	
	d Passive category ▶ e General category ▶ f Other ▶ .....	16f
	Deductions allocated and apportioned at partner level	
	g Interest expense ▶ h Other ▶ .....	16h
	Deductions allocated and apportioned at partnership level to foreign source income	
	i Passive category ▶ j General category ▶ k Other ▶ .....	16k
	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> .....	16l
m Reduction in taxes available for credit (attach statement) .....	16m	
n Other foreign tax information (attach statement) .....		
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment .....	17a 496.
	b Adjusted gain or loss .....	17b
	c Depletion (other than oil and gas) .....	17c
	d Oil, gas, and geothermal properties— gross income .....	17d
	e Oil, gas, and geothermal properties— deductions .....	17e
	f Other AMT items (attach stmt) .....	17f
Other Information	18a Tax-exempt interest income .....	18a
	b Other tax-exempt income .....	18b
	c Nondeductible expenses .....	18c 5,651.
	19a Distributions of cash and marketable securities .....	19a
	b Distributions of other property .....	19b
	20a Investment income .....	20a 12.
b Investment expenses .....	20b	
c Other items and amounts (attach stmt) .....		

BAA

Form 1065 (2009)

**Analysis of Net Income (Loss)**

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16i.	1	77,581.
2	Analysis by partner type:		
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)
a	General partners		
b	Limited partners	776.	76,805.

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		7,278.		91,996.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach stmt)				
7	Mortgage and real estate loans				
8	Other investments (attach stmt)				
9a	Buildings and other depreciable assets			9,913.	
b	Less accumulated depreciation			1,983.	7,930.
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach stmt)				
14	Total assets		7,278.		99,926.
Liabilities and Capital					
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach stmt) Ln. 17 Stmt		49,756.		89,725.
18	All nonrecourse loans		77,948.		58,697.
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach stmt)				
21	Partners' capital accounts		-120,426.		-48,496.
22	Total liabilities and capital		7,278.		99,926.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
 Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1	Net income (loss) per books	71,930.	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest	\$
3	Guaranteed prmts (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize):		a	Depreciation	\$
a	Depreciation	\$	8	Add lines 6 and 7	
b	Travel and entertainment	\$ 5,651.	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	77,581.
5	Add lines 1 through 4	77,581.			

**Schedule M-2 Analysis of Partners' Capital Accounts**

1	Balance at beginning of year	-120,426.	6	Distributions:	a Cash	
2	Capital contributed:				b Property	
	a Cash		7	Other decreases (itemize):		
	b Property		8	Add lines 6 and 7		
3	Net income (loss) per books	71,930.	9	Balance at end of year. Subtract line 8 from line 5		-48,496.
4	Other increases (itemize):					
5	Add lines 1 through 4	-48,496.				

**SCHEDULE B-1**  
**(Form 1065)**(December 2009)  
Department of the Treasury  
Internal Revenue Service**Information on Partners Owning 50% or  
More of the Partnership**

▶ Attach to Form 1065. See instructions.

OMB No. 1545-0099

Name of partnership

RALPH ROBERTS REALTY, L.L.C.

Employer identification number (EIN)

20-2660635

**Part I** **Entities Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 3a)

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
ROWLAND FAMILY L.L.C.	32-0075236	LCC	United States	99.0000

**Part II** **Individuals or Estates Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 3b)

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(v) Maximum Percentage Owned in Profit, Loss, or Capital

BAA For Paperwork Reduction Act Notice, see the instructions for Form 1065.

Cat. No. 49842K

Schedule B-1 (Form 1065) (12-2009)



Depreciation and Amortization  
(Including Information on Listed Property)

OMB No. 1545-0172

2009

Attachment  
Sequence No. 67Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return

RALPH ROBERTS REALTY, L.L.C.

Identifying number

20-2660635

Business or activity to which this form relates

Form 1065 Line 22

**Part I** Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses.	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs.)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II** Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III** MACRS Depreciation (Do not include listed property) (See instructions.)

## Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2009	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

## Section B — Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		9,913.	5.0 yrs	HY	200 DB	1,983.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

## Section C — Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV** Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	1,983.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A – Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? .....				Yes		No		24b If 'Yes,' is the evidence written? .....				Yes		No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost							
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .....							25								
26 Property used more than 50% in a qualified business use:															
27 Property used 50% or less in a qualified business use:															
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1. ....															
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1. ....															

**Section B – Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. You provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles) .....	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year .....												
32 Total other personal (noncommuting) miles driven .....												
33 Total miles driven during the year. Add lines 30 through 32 .....												
34 Was the vehicle available for personal use during off-duty hours? .....	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person? .....	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
36 Is another vehicle available for personal use? .....	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No

**Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? .....	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners. ....		
39 Do you treat all use of vehicles by employees as personal use? .....		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? .....		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) .....		

**Note:** If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year .....					
44 Total. Add amounts in column (f). See the instructions for where to report .....					

Schedule K-1  
(Form 1065)

2009

Department of the Treasury  
Internal Revenue Service

For calendar year 2009, or tax  
year beginning \_\_\_\_\_, 2009  
ending \_\_\_\_\_

Partner's Share of Income, Deductions,  
Credits, etc. ▶ See separate instructions.

☐ Final K-1

☐ Amended K-1

651109  
OMB No. 1545-0099

**Part I** Information About the Partnership

A Partnership's employer identification number  
20-2660635

B Partnership's name, address, city, state, and ZIP code  
RALPH ROBERTS REALTY, L.L.C.  
18299 TARA DRIVE  
CLINTON TOWNSHIP, MI 48036-3632

C IRS Center where partnership filed return  
CINCINNATI, OH

D ☐ Check if this is a publicly traded partnership (PTP)

**Part II** Information About the Partner

E Partner's identifying number  
32-0075236

F Partner's name, address, city, state, and ZIP code  
ROWLAND FAMILY, L.L.C.  
18299 TARA DR.  
CLINTON TOWNSHIP, MI 48036-3632

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? PARTNERSHIP

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	100.00000 %	99.00000 %
Loss	100.00000 %	99.00000 %
Capital	100.00000 %	99.00000 %

K Partner's share of liabilities at year end:

Nonrecourse	\$ 58,110.
Qualified nonrecourse financing	\$ 88,828.
Recourse	\$

L Partner's capital account analysis:

Beginning capital account	\$ -120,426.
Capital contributed during the year	\$
Current year increase (decrease)	\$ 71,211.
Withdrawals and distributions	\$
Ending capital account	\$ -49,215.

☒ Tax basis ☐ GAAP ☐ Section 704(b) book  
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes", attach statement (see instructions)

**Part III** Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	76,793.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	12.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	491.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	5,594.
12	Section 179 deduction	19	Distributions
13	Other deductions		
		20	Other information
		A	12.
14	Self-employment earnings (loss)		
A	76,793.		
C	274,597.		

\*See attached statement for additional information.

FOR  
IRS  
USE  
ONLY

35 Filed

Schedule K-1  
(Form 1065)Department of the Treasury  
Internal Revenue Service

2009

For calendar year 2009, or tax

year beginning \_\_\_\_\_, 2009

ending \_\_\_\_\_, 2009

Partner's Share of Income, Deductions,  
Credits, etc.

▶ See separate instructions.

☐ Final K-1☐ Amended K-1651109  
OMB No. 1545-0099

## Part III

Partner's Share of Current Year Income,  
Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	776.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	0.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	5.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	57.
12	Section 179 deduction		
13	Other deductions		
		19	Distributions
		20	Other information
		A	0.
14	Self-employment earnings (loss)		
A	776.		
C	2,774.		

\*See attached statement for additional information.

FOR  
IRS  
USE  
ONLY

## Part I Information About the Partnership

A Partnership's employer identification number  
20-2660635B Partnership's name, address, city, state, and ZIP code  
RALPH ROBERTS REALTY, L.L.C.  
18299 TARA DRIVE  
CLINTON TOWNSHIP, MI 48036-3632C IRS Center where partnership filed return  
CINCINNATI, OHD ☐ Check if this is a publicly traded partnership (PTP)

## Part II Information About the Partner

E Partner's identifying number  
[REDACTED]F Partner's name, address, city, state, and ZIP code  
RALPH R. ROBERTS  
18299 TARA DR.  
CLINTON TOWNSHIP, MI 48036-3632G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC memberH ☒ Domestic partner ☐ Foreign partnerI What type of entity is this partner? INDIVIDUAL

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	1.00000 %	1.00000 %
Loss	1.00000 %	1.00000 %
Capital	1.00000 %	1.00000 %

K Partner's share of liabilities at year end:

Nonrecourse	\$	587.
Qualified nonrecourse financing	\$	897.
Recourse	\$	

L Partner's capital account analysis:

Beginning capital account	\$	
Capital contributed during the year	\$	
Current year increase (decrease)	\$	719.
Withdrawals and distributions	\$	
Ending capital account	\$	719.

☒ Tax basis ☐ GAAP ☐ Section 704(b) book  
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If 'Yes', attach statement (see instructions)

Schedule K-1 (Form 1065) 2009

Form 1065, Line 20

**Other deductions**

ACCOUNTING	151.
ADVERTISING	2,243.
AUTOMOBILE AND TRUCK EXPENSE	5,012.
BANK CHARGES	982.
COMMISSIONS	36,338.
COMPUTER SERVICES AND SUPPLIES	15,576.
DUES AND SUBSCRIPTIONS	1,154.
EQUIPMENT RENT	5,276.
INSURANCE	2,310.
LEGAL AND PROFESSIONAL	30,496.
MEALS AND ENTERTAINMENT (50%)	5,651.
OFFICE EXPENSE	15,531.
OUTSIDE SERVICES	51,019.
PERMITS AND FEES	3,295.
POSTAGE	857.
TELEPHONE	3,831.
Total	<u>179,722.</u>

Form 1065, Schedule L, Line 17

**Other Current Liabilities**

Other Current Liabilities:	Beginning of tax year	End of tax year
DEPOSITS	6,000.	46,000.
LOANS FROM AFFILIATED COMPANIES	43,756.	16,048.
MORTGAGE TAX & INSURANCE ESCROWS	0.	27,677.
Total	<u>49,756.</u>	<u>89,725.</u>





Form **1065**Department of the Treasury  
Internal Revenue Service

# U.S. Return of Partnership Income

For calendar year 2010, or tax year beginning \_\_\_\_\_, 2010,  
ending \_\_\_\_\_, 20\_\_\_\_.  
▶ See separate instructions.

OMB No. 1545-0099

**2010**

<b>A</b> Principal business activity	<b>Print or type.</b>	Name of partnership	<b>D</b> Employer identification number
<b>SALES</b>		<b>RALPH ROBERTS REALTY, L.L.C.</b>	<b>20-2660635</b>
<b>B</b> Principal product or service		Number, street, and room or suite number. If a P.O. box, see the instructions.	<b>E</b> Date business started
<b>REAL ESTATE</b>		<b>12900 HALL RD. SUITE 190</b>	<b>03/15/05</b>
<b>C</b> Business code number	City or town	State ZIP code	<b>F</b> Total assets (see instrs)
<b>531210</b>	<b>STERLING HEIGHTS</b>	<b>MI 48313</b>	<b>\$ 436,194.</b>

**G** Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☒ Address change (5) ☒ Amended return  
(6) ☐ Technical termination — also check (1) or (2)

**H** Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶ \_\_\_\_\_

**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ \_\_\_\_\_ **2**

**J** Check if Schedules C and M-3 are attached \_\_\_\_\_ **1**

**Caution.** Include *only* trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>INCOME</b>	<b>1a</b> Gross receipts or sales.....	<b>1a</b>	<b>968,897.</b>	
	<b>b</b> Less returns and allowances.....	<b>1b</b>		<b>1c</b> <b>968,897.</b>
	<b>2</b> Cost of goods sold (Schedule A, line 8).....			<b>2</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c.....			<b>3</b> <b>968,897.</b>
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) .....			<b>4</b>
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040)).....			<b>5</b>
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17(attach Form 4797) .....			<b>6</b>
	<b>7</b> Other income (loss) (attach statement) .....			<b>7</b>
<b>8</b> Total income (loss). Combine lines 3 through 7 .....			<b>8</b> <b>968,897.</b>	
<b>DEDUCTIONS FOR LIMITATIONS</b>	<b>9</b> Salaries and wages (other than to partners) (less employment credits).....			<b>9</b> <b>225,657.</b>
	<b>10</b> Guaranteed payments to partners .....			<b>10</b>
	<b>11</b> Repairs and maintenance .....			<b>11</b>
	<b>12</b> Bad debts .....			<b>12</b>
	<b>13</b> Rent .....			<b>13</b> <b>12,676.</b>
	<b>14</b> Taxes and licenses .....			<b>14</b> <b>29,482.</b>
	<b>15</b> Interest .....			<b>15</b> <b>412.</b>
	<b>16a</b> Depreciation (if required, attach Form 4562) .....	<b>16a</b>	<b>13,038.</b>	
	<b>b</b> Less depreciation reported on Schedule A and elsewhere on return .....	<b>16b</b>		<b>16c</b> <b>13,038.</b>
	<b>17</b> Depletion (Do not deduct oil and gas depletion.).....			<b>17</b>
	<b>18</b> Retirement plans, etc .....			<b>18</b>
	<b>19</b> Employee benefit programs.....			<b>19</b> <b>15,000.</b>
	<b>20</b> Other deductions (attach statement) .....		<b>*.STMT</b>	<b>20</b> <b>484,418.</b>
	<b>21</b> Total deductions. Add the amounts shown in the far right column for lines 9 through 20 .....			<b>21</b> <b>780,683.</b>
<b>22</b> Ordinary business income (loss). Subtract line 21 from line 8.....			<b>22</b> <b>188,214.</b>	

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager \_\_\_\_\_ Date \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instrs)? ☒ Yes ☐ No

**Paid Preparer Use Only**

Print/Type preparer's name \_\_\_\_\_ Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check ☒ if self-employed PTIN **P22008933**

Firm's name ▶ **SIRIANNI & COMPANY, PLLC** Firm's EIN ▶ **26-2721789**

Firm's address ▶ **2898 PHEASANT RING DR**  
**ROCHESTER HILLS MI 48309-2857** Phone no. **(248) 375-5201**

BAA For Paperwork Reduction Act Notice, see separate instructions.

PTPA0112 01/18/11

Form 1065 (2010)

**Schedule A** Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year .....	1	
2	Purchases less cost of items withdrawn for personal use .....	2	
3	Cost of labor .....	3	
4	Additional section 263A costs (attach statement) .....	4	
5	Other costs (attach statement) .....	5	
6	<b>Total.</b> Add lines 1 through 5 .....	6	
7	Inventory at end of year .....	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2 .....	8	

## 9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations section 1.471-3  
 (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4  
 (iii) ☐ Other (specify method used and attach explanation) .....

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) .....

c Check this box if the LIFO inventory method was adopted this tax year for any good (if checked, attach Form 970) .....

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☐ Noe Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If 'Yes,' attach explanation .

**Schedule B** Other Information

## 1 What type of entity is filing this return? Check the applicable box:

- a ☐ Domestic general partnership      b ☐ Domestic limited partnership  
 c ☒ Domestic limited liability company      d ☐ Domestic limited liability partnership  
 e ☐ Foreign partnership      f ☐ Other ....

Yes	No

2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person? .....

X

## 3 At the end of the tax year:

a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership .....

X

b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership .....

X

## 4 At the end of the tax year, did the partnership:

a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below .....

X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v) below .....

X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

	Yes	No
5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details . . . . .		X
6 Does this partnership satisfy all four of the following conditions? a The partnership's total receipts for the tax year were less than \$250,000. b The partnership's total assets at the end of the tax year were less than \$1 million. c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. d The partnership is not filing and is not required to file Schedule M-3 . . . . . If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.	X	
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)? . . . . .		X
8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? . . . . .		X
9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction? . . . . .		X
10 At any time during calendar year 2010, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If 'Yes,' enter the name of the foreign country. . . . .		X
11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions. . . . .		X
12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? . . . . . See instructions for details regarding section 754 election.		X
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions. . . . .		X
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions . . . . .		X
13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than entities wholly-owned by the partnership) throughout the tax year) . . . . . <input type="checkbox"/>		
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in a partnership property? . . . . .		X
15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions . . . . .		
16 Does the partnership have any foreign partners? If 'Yes,' enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. . . . .		X
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return . . . . .		

**Designation of Tax Matters Partner**(see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP	RALPH R. ROBERTS	Identifying number of TMP	
If the TMP is an entity, name of TMP representative		Phone number of TMP	(586) 751-0000
Address of designated TMP	18299 TARA DR. CLINTON TOWNSHIP, MI 48036-3632		

Form 1065 (2010)

**Schedule K Partners' Distributive Share Items**

		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22) .....	1 188,214.
	2 Net rental real estate income (loss) (attach Form 8825) .....	2
	3a Other gross rental income (loss) .....	3a
	b Expenses from other rental activities (attach stmt) .....	3b
	c Other net rental income (loss). Subtract line 3b from line 3a .....	3c
	4 Guaranteed payments .....	4 15,000.
	5 Interest income .....	5
	6 Dividends: a Ordinary dividends .....	6a
	b Qualified dividends .....	6b
	7 Royalties .....	7
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) .....	8
Income (Loss)	9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) .....	9a
	b Collectibles (28%) gain (loss) .....	9b
	c Unrecaptured section 1250 gain (attach statement) .....	9c
10 Net section 1231 gain (loss) (attach Form 4797) .....	10	
11 Other income (loss) (see instructions) Type ▶ .....	11	
Deductions	12 Section 179 deduction (attach Form 4562) .....	12
	13a Contributions .....	13a 1,190.
	b Investment interest expense .....	13b
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶ .....	13c (2)
Self-Employment	d Other deductions (see instructions) Type ▶ MEDICAL INSURANCE PAYMENTS FOR PARTNERS .....	13d 15,000.
	14a Net earnings (loss) from self-employment .....	14a 203,214.
	b Gross farming or fishing income .....	14b
Credits	c Gross nonfarm income .....	14c 968,897.
	15a Low-income housing credit (section 42(j)(5)) .....	15a
	b Low-income housing credit (other) .....	15b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) .....	15c
	d Other rental real estate credits (see instructions) Type ▶ .....	15d
	e Other rental credits (see instructions) Type ▶ .....	15e
Foreign Transactions	f Other credits (see instructions) Type ▶ .....	15f
	16a Name of country or U.S. possession ▶ .....	
	b Gross income from all sources .....	16b
	c Gross income sourced at partner level .....	16c
	Foreign gross income sourced at partnership level .....	
	d Passive category ▶ e General category ▶ f Other .....	16f
	Deductions allocated and apportioned at partner level .....	
	g Interest expense ▶ h Other .....	16h
	Deductions allocated and apportioned at partnership level to foreign source income .....	
	i Passive category ▶ j General category ▶ k Other .....	16k
Alternative Minimum Tax (AMT) Items	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> .....	16l
	m Reduction in taxes available for credit (attach statement) .....	16m
	n Other foreign tax information (attach statement) .....	
	17a Post-1986 depreciation adjustment .....	17a 644.
	b Adjusted gain or loss .....	17b
	c Depletion (other than oil and gas) .....	17c
	d Oil, gas, and geothermal properties— gross income .....	17d
e Oil, gas, and geothermal properties— deductions .....	17e	
Other Information	f Other AMT items (attach stmt) .....	17f
	18a Tax-exempt interest income .....	18a
	b Other tax-exempt income .....	18b
	c Nondeductible expenses .....	18c 10,442.
	19a Distributions of cash and marketable securities .....	19a
	b Distributions of other property .....	19b
Other Information	20a Investment income .....	20a
	b Investment expenses .....	20b
	c Other items and amounts (attach stmt) .....	

BAA

Form 1065 (2010)

**Analysis of Net Income (Loss)**

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l.	1	187,024.
2	Analysis by partner type:		
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)
a	General partners		
b	Limited partners	37,405.	149,619.

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		91,996.		248,829.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach stmt) Ln. 6. Stmt		0.		172,419.
7	Mortgage and real estate loans				
8	Other investments (attach stmt)				
9a	Buildings and other depreciable assets	9,913.		27,178.	
b	Less accumulated depreciation	1,983.	7,930.	15,021.	12,157.
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach stmt) Ln. 13. Stmt		0.		2,789.
14	Total assets		99,926.		436,194.
Liabilities and Capital					
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach stmt) Ln. 17. Stmt		89,725.		233,130.
18	All nonrecourse loans		58,697.		
19	Mortgages, notes, bonds payable in 1 year or more				74,978.
20	Other liabilities (attach stmt)				
21	Partners' capital accounts		-48,496.		128,086.
22	Total liabilities and capital		99,926.		436,194.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1	Net income (loss) per books	176,582.	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest	\$
3	Guaranteed pmts (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation	\$
a	Depreciation	\$	8	Add lines 6 and 7	
b	Travel and entertainment	\$ 10,442.	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	187,024.
5	Add lines 1 through 4	187,024.			

**Schedule M-2 Analysis of Partners' Capital Accounts**

1	Balance at beginning of year	-48,496.	6	Distributions: a Cash	
2	Capital contributed: a Cash		b	Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	176,582.	8	Add lines 6 and 7	
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	128,086.
5	Add lines 1 through 4	128,086.			

**SCHEDULE B-1**  
**(Form 1065)**

(December 2009)

Department of the Treasury  
Internal Revenue Service**Information on Partners Owning 50% or  
More of the Partnership**

▶ Attach to Form 1065. See instructions.

OMB No. 1545-0099

Name of partnership

RALPH ROBERTS REALTY, L.L.C.

Employer identification number (EIN)

20-2660635

**Part I** **Entities Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 3a)

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
ROWLAND FAMILY L.L.C.	32-0075236	LCC	United States	99.0000

**Part II** **Individuals or Estates Owning 50% or More of the Partnership** (Form 1065, Schedule B, Question 3b)

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

BAA For Paperwork Reduction Act Notice, see the instructions for Form 1065.

Cat. No. 49842K

Schedule B-1 (Form 1065) (12-2009)

**Depreciation and Amortization**  
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

**2010**Attachment  
Sequence No. **67**

Name(s) shown on return

**RALPH ROBERTS REALTY, L.L.C.**

Business or activity to which this form relates

Identifying number

**20-2660635**

Form 1065 Line 22

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions) .....	1	500,000.
2	Total cost of section 179 property placed in service (see instructions) .....	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions) .....	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- .....	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions .....	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29 .....	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 .....	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8 .....	9	
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562 .....	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs) ..	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 .....	12	
13	Carryover of disallowed deduction to 2011. Add lines 9 and 10, less line 12 .....	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions) .....	14	8,633.
15	Property subject to section 168(f)(1) election .....	15	
16	Other depreciation (including ACRS) .....	16	

**Part III MACRS Depreciation (Do not include listed property) (See instructions)****Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2010 .....	17	3,172.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/> .....		

**Section B — Assets Placed in Service During 2010 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property .....						
b 5-year property .....						
c 7-year property .....		8,632.	7.0 yrs	HY	200 DB	1,233.
d 10-year property .....						
e 15-year property .....						
f 20-year property .....						
g 25-year property .....			25 yrs		S/L	
h Residential rental property .....			27.5 yrs	MM	S/L	
i Nonresidential real property .....			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

**Section C — Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System**

20a Class life .....				S/L	
b 12-year .....		12 yrs		S/L	
c 40-year .....		40 yrs	MM	S/L	

**Part IV Summary (See instructions.)**

21	Listed property. Enter amount from line 28 .....	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions .....	22	13,038.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs .....	23	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A – Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? .....									Yes	No	24b If 'Yes,' is the evidence written? .....		Yes	No
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost						
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .....								25						
26 Property used more than 50% in a qualified business use:														
27 Property used 50% or less in a qualified business use:														
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .....								28						
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 .....								29						

**Section B – Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. You provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles) .....												
31 Total commuting miles driven during the year .....												
32 Total other personal (noncommuting) miles driven .....												
33 Total miles driven during the year. Add lines 30 through 32 .....												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours? .....												
35 Was the vehicle used primarily by a more than 5% owner or related person? .....												
36 Is another vehicle available for personal use? .....												

**Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? .....	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners. ....		
39 Do you treat all use of vehicles by employees as personal use? .....		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? .....		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) .....		

**Note:** If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2010 tax year (see instructions):					
43 Amortization of costs that began before your 2010 tax year .....					43
44 Total. Add amounts in column (f). See the instructions for where to report .....					44



**IRS e-file Signature Authorization  
for Form 1065**

OMB No. 1545-2042

Department of the Treasury  
Internal Revenue ServiceFor calendar year 2010, or tax year beginning \_\_\_\_\_, 2010,  
ending \_\_\_\_\_.**2010**

▶ See instructions. Do not send to the IRS. Keep for your records.

Name of partnership

RALPH ROBERTS REALTY, L.L.C.

Employer identification number

20-2660635

**Part I Tax Return Information (Whole dollars only)**

1	Gross receipts or sales less returns and allowances (Form 1065, line 1c).....	1	968,897.
2	Gross profit (Form 1065, line 3).....	2	968,897.
3	Ordinary business income (loss) (Form 1065, line 22).....	3	188,214.
4	Net rental real estate income (loss) (Form 1065, Schedule K, line 2).....	4	
5	Other net rental income (loss) (Form 1065, Schedule K, line 3c).....	5	

**Part II Declaration and Signature Authorization of General Partner or Limited Liability Company Member Manager (Be sure to get a copy of the partnership's return)**

Under penalties of perjury, I declare that I am a general partner or limited liability company member manager of the above partnership and that I have examined a copy of the partnership's 2010 electronic return of partnership income and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the partnership's electronic tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the partnership's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission and (b) the reason for any delay in processing the return. I have selected a personal identification number (PIN) as my signature for the partnership's electronic income tax return.

General Partner or Limited Liability Company Member Manager's PIN: check one box only

☐ I authorize \_\_\_\_\_ to enter my PIN \_\_\_\_\_ as my signature on the  
ERO firm name  
 partnership's 2010 electronically filed income tax return. do not enter all zeros

☒ As a general partner or limited liability company member manager of the partnership, I will enter my PIN as my signature on the partnership's 2010 electronically filed income tax return.

General partner or limited liability company member manager's signature ▶ \_\_\_\_\_

Title ▶ LLC MEMBER

Date ▶ \_\_\_\_\_

**Part III Certification and Authentication**ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. 40273722240do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2010 electronically filed income tax return for the partnership indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub 3112 IRS e-file Application and Participation, and Pub 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ \_\_\_\_\_ Date ▶ 02/29/2012**ERO Must Retain This Form— See Instructions****Do Not Submit This Form to the IRS Unless Requested To Do So**

BAA For Paperwork Reduction Act Notice, see instructions.

Form 8879-PE (2010)

Schedule K-1  
(Form 1065)

2010

Department of the Treasury  
Internal Revenue Service

For calendar year 2010, or tax

year beginning \_\_\_\_\_, 2010  
ending \_\_\_\_\_, \_\_\_\_\_

Partner's Share of Income, Deductions,  
Credits, etc.

▶ See separate instructions.

☐ Final K-1

☒ Amended K-1

651110  
OMB No. 1545-0099

Part III

Partner's Share of Current Year Income,  
Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	150,571.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	515.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	8,354.
12	Section 179 deduction		
13	Other deductions		
A	952.	20	Other information
14	Self-employment earnings (loss)		
A	150,571.		
C	775,118.		

\*See attached statement for additional information.

FOR  
IRS  
USE  
ONLY

Part I Information About the Partnership

A Partnership's employer identification number  
20-2660635

B Partnership's name, address, city, state, and ZIP code  
RALPH ROBERTS REALTY, L.L.C.  
12900 HALL RD. SUITE 190  
STERLING HEIGHTS, MI 48313

C IRS Center where partnership filed return  
CINCINNATI, OH

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number  
32-0075236

F Partner's name, address, city, state, and ZIP code  
ROWLAND FAMILY, L.L.C.  
12900 HALL RD.  
SUITE 190  
STERLING HEIGHTS, MI 48313

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? PARTNERSHIP

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	80.00000 %	80.00000 %
Loss	80.00000 %	80.00000 %
Capital	80.00000 %	80.00000 %

K Partner's share of liabilities at year end:

Nonrecourse	\$	186,504.
Qualified nonrecourse financing	\$	59,982.
Recourse	\$	

L Partner's capital account analysis:

Beginning capital account	\$	-49,215.
Capital contributed during the year	\$	
Current year increase (decrease)	\$	141,266.
Withdrawals and distributions	\$	
Ending capital account	\$	92,051.

☒ Tax basis ☐ GAAP ☐ Section 704(b) book  
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If 'Yes', attach statement (see instructions)

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

		<b>Code</b>	<b>Report on</b>
<b>1</b>	<b>Ordinary business income (loss).</b> Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.		
	Passive loss		See the Partner's Instructions
	Passive income		Schedule E, line 28, column (g)
	Nonpassive loss		Schedule E, line 28, column (h)
	Nonpassive income		Schedule E, line 28, column (i)
<b>2</b>	<b>Net rental real estate income (loss)</b>		See the Partner's Instructions
<b>3</b>	<b>Other net rental income (loss)</b>		
	Net income		Schedule E, line 28, column (g)
	Net loss		See the Partner's Instructions
<b>4</b>	<b>Guaranteed payments</b>		Schedule E, line 28, column (j)
<b>5</b>	<b>Interest income</b>		Form 1040, line 8a
<b>6a</b>	<b>Ordinary dividends</b>		Form 1040, line 9a
<b>6b</b>	<b>Qualified dividends</b>		Form 1040, line 9b
<b>7</b>	<b>Royalties</b>		Schedule E, line 4
<b>8</b>	<b>Net short-term capital gain (loss)</b>		Schedule D, line 5, column (f)
<b>9a</b>	<b>Net long-term capital gain (loss)</b>		Schedule D, line 12, column (f)
<b>9b</b>	<b>Collectibles (28%) gain (loss)</b>		28% Rate Gain Worksheet, line 4 (Schedule D Instructions)
			See the Partner's Instructions
<b>9c</b>	<b>Unrecaptured section 1250 gain</b>		See the Partner's Instructions
<b>10</b>	<b>Net section 1231 gain (loss)</b>		See the Partner's Instructions
<b>11</b>	<b>Other income (loss)</b>		
	<b>Code</b>		
	A Other portfolio income (loss)		See the Partner's Instructions
	B Involuntary conversions		See the Partner's Instructions
	C Section 1256 contracts and straddles		Form 6781, line 1
	D Mining exploration costs recapture		See Pub 535
	E Cancellation of debt		Form 1040, line 21 or Form 982
	F Other income (loss)		See the Partner's Instructions
<b>12</b>	<b>Section 179 deduction</b>		See the Partner's Instructions
<b>13</b>	<b>Other deductions</b>		
	A Cash contributions (50%)	See the Partner's Instructions	
	B Cash contributions (30%)		
	C Noncash contributions (50%)		
	D Noncash contributions (30%)		
	E Capital gain property to a 50% organization (30%)		
	F Capital gain property (20%)		
	G Contributions (100%)		
	H Investment interest expense		Form 4952, line 1
	I Deductions — royalty income		Schedule E, line 18
	J Section 59(e)(2) expenditures		See the Partner's Instructions
	K Deductions — portfolio (2% floor)		Schedule A, line 23
	L Deductions — portfolio (other)		Schedule A, line 28
	M Amounts paid for medical insurance		Schedule A, line 1 or Form 1040, line 29
	N Educational assistance benefits		See the Partner's Instructions
	O Dependent care benefits		Form 2441, line 12
	P Preproductive period expenses		See the Partner's Instructions
	Q Commercial revitalization deduction from rental real estate activities		See Form 8582 Instructions
	R Pensions and IRAs		See the Partner's Instructions
	S Reforestation expense deduction		See the Partner's Instructions
	T Domestic production activities information		See Form 8903 Instructions
	U Qualified production activities income		Form 8903, line 7b
	V Employer's Form W-2 wages		Form 8903, line 17
	W Other deductions		See the Partner's Instructions
<b>14</b>	<b>Self-employment earnings (loss)</b>		
<b>Note.</b> If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.			
	A Net earnings (loss) from self-employment		Schedule SE, Section A or B
	B Gross farming or fishing income		See the Partner's Instructions
	C Gross non-farm income		See the Partner's Instructions
<b>15</b>	<b>Credits</b>		
	A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings		See the Partner's Instructions
	B Low-income housing credit (other) from pre-2008 buildings		See the Partner's Instructions
	C Low-income housing credit (section 42(j)(5)) from post-2007 buildings		Form 8586, line 11
	D Low-income housing credit (other) from post-2007 buildings		Form 8586, line 11
	E Qualified rehabilitation expenditures (rental real estate)	See the Partner's Instructions	
	F Other rental real estate credits		
	G Other rental credits		
	H Undistributed capital gains credit		Form 1040, line 71; check box a
	I Alcohol and cellulosic biofuel fuels credit		Form 6478, line 8
	J Work opportunity credit		Form 5884, line 3
	<b>Code</b>		
	K Disabled access credit		See the Partner's Instructions
	L Empowerment zone and renewal community employment credit		Form 8844, line 3
	M Credit for increasing research activities		See the Partner's Instructions
	N Credit for employer social security and Medicare taxes		Form 8846, line 5
	O Backup withholding		Form 1040, line 61
	P Other credits		See the Partner's Instructions
<b>16</b>	<b>Foreign transactions</b>		
	A Name of country or U.S. possession	Form 1116, Part I	
	B Gross income from all sources		
	C Gross income sourced at partner level		
	<b>Foreign gross income sourced at partnership level</b>		
	D Passive category	Form 1116, Part I	
	E General category		
	F Other		
	<b>Deductions allocated and apportioned at partner level</b>		
	G Interest expense		Form 1116, Part I
	H Other		Form 1116, Part I
	<b>Deductions allocated and apportioned at partnership level to foreign source income</b>		
	I Passive category	Form 1116, Part I	
	J General category		
	K Other		
	<b>Other information</b>		
	L Total foreign taxes paid		Form 1116, Part II
	M Total foreign taxes accrued		Form 1116, Part II
	N Reduction in taxes available for credit		Form 1116, line 12
	O Foreign trading gross receipts		Form 8873
	P Extraterritorial income exclusion		Form 8873
	Q Other foreign transactions		See the Partner's Instructions
<b>17</b>	<b>Alternative minimum tax (AMT) items</b>		
	A Post-1986 depreciation adjustment	See the Partner's Instructions and the Instructions for Form 6251	
	B Adjusted gain or loss		
	C Depletion (other than oil & gas)		
	D Oil, gas, & geothermal — gross income		
	E Oil, gas, & geothermal — deductions		
	F Other AMT items		
<b>18</b>	<b>Tax-exempt income and nondeductible expenses</b>		
	A Tax-exempt interest income		Form 1040, line 8b
	B Other tax-exempt income		See the Partner's Instructions
	C Nondeductible expenses		See the Partner's Instructions
<b>19</b>	<b>Distributions</b>		
	A Cash and marketable securities	See the Partner's Instructions	
	B Distribution subject to section 737		
	C Other property		
<b>20</b>	<b>Other information</b>		
	A Investment income		Form 4952, line 4a
	B Investment expenses		Form 4952, line 5
	C Fuel tax credit information		Form 4136
	D Qualified rehabilitation expenditures (other than rental real estate)		See the Partner's Instructions
	E Basis of energy property		See the Partner's Instructions
	F Recapture of low-income housing credit (section 42(j)(5))		Form 8611, line 8
	G Recapture of low-income housing credit (other)		Form 8611, line 8
	H Recapture of investment credit		Form 4255
	I Recapture of other credits		See the Partner's Instructions
	J Look-back interest — completed long-term contracts		See Form 8697
	K Look-back interest — income forecast method		See Form 8866
	L Dispositions of property with section 179 deductions	See the Partner's Instructions	
	M Recapture of section 179 deduction		
	N Interest expense for corporate partners		
	O Section 453(f)(3) information		
	P Section 453A(c) information		
	Q Section 1260(b) information		
	R Interest allocable to production expenditures		
	S CCF nonqualified withdrawals		
	T Depletion information — oil and gas		
	U Amortization of reforestation costs		
	V Unrelated business taxable income		
	W Precontribution gain (loss)		
	X Section 108(i) information		
	Y Other information		

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Schedule K-1 (ROWLAND FAMILY, L.L.C.), Supplemental Information  
**Supplemental Information**

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This Schedule K-1 is from an Eligible Small Business.

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Schedule K-1  
(Form 1065)

2010

Department of the Treasury  
Internal Revenue Service

For calendar year 2010, or tax  
year beginning \_\_\_\_\_, 2010  
ending \_\_\_\_\_

Partner's Share of Income, Deductions,  
Credits, etc.

See separate instructions.

☐ Final K-1

☒ Amended K-1

651110  
OMB No. 1545-0099

**Part III** Partner's Share of Current Year Income,  
Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	37,643.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
	15,000.		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	129.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
		C	2,088.
11	Other income (loss)		
12	Section 179 deduction	19	Distributions
13	Other deductions		
A	238.	20	Other information
M	15,000.		
14	Self-employment earnings (loss)		
A	52,643.		
C	193,779.		

\*See attached statement for additional information.

FOR  
IRS  
USE  
ONLY

**Part I** Information About the Partnership

A Partnership's employer identification number  
20-2660635

B Partnership's name, address, city, state, and ZIP code  
RALPH ROBERTS REALTY, L.L.C.  
12900 HALL RD. SUITE 190  
STERLING HEIGHTS, MI 48313

C IRS Center where partnership filed return  
CINCINNATI, OH

D ☐ Check if this is a publicly traded partnership (PTP)

**Part II** Information About the Partner

E Partner's identifying number

F Partner's name, address, city, state, and ZIP code  
RALPH R. ROBERTS  
18299 TARA DR.  
CLINTON TOWNSHIP, MI 48036-3632

G ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? INDIVIDUAL

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	20.00000 %	20.00000 %
Loss	20.00000 %	20.00000 %
Capital	20.00000 %	20.00000 %

K Partner's share of liabilities at year end:

Nonrecourse	\$	46,626.
Qualified nonrecourse financing	\$	14,996.
Recourse	\$	

L Partner's capital account analysis:

Beginning capital account	\$	719.
Capital contributed during the year	\$	
Current year increase (decrease)	\$	35,316.
Withdrawals and distributions	\$	
Ending capital account	\$	36,035.

☒ Tax basis ☐ GAAP ☐ Section 704(b) book  
☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes", attach statement (see instructions)

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

1	Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.			
	Passive loss	See the Partner's Instructions		
	Passive income	Schedule E, line 28, column (g)		
	Nonpassive loss	Schedule E, line 28, column (h)		
	Nonpassive income	Schedule E, line 28, column (i)		
2	Net rental real estate income (loss)	See the Partner's Instructions		
3	Other net rental income (loss)			
	Net income	Schedule E, line 28, column (g)		
	Net loss	See the Partner's Instructions		
4	Guaranteed payments	Schedule E, line 28, column (j)		
5	Interest income	Form 1040, line 8a		
6a	Ordinary dividends	Form 1040, line 9a		
6b	Qualified dividends	Form 1040, line 9b		
7	Royalties	Schedule E, line 4		
8	Net short-term capital gain (loss)	Schedule D, line 5, column (f)		
9a	Net long-term capital gain (loss)	Schedule D, line 12, column (f)		
9b	Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D Instructions)		
9c	Unrecaptured section 1250 gain	See the Partner's Instructions		
10	Net section 1231 gain (loss)	See the Partner's Instructions		
11	Other income (loss)			
	Code			
	A Other portfolio income (loss)	See the Partner's Instructions		
	B Involuntary conversions	See the Partner's Instructions		
	C Section 1256 contracts and straddles	Form 6781, line 1		
	D Mining exploration costs recapture	See Pub 535		
	E Cancellation of debt	Form 1040, line 21 or Form 982		
	F Other income (loss)	See the Partner's Instructions		
12	Section 179 deduction	See the Partner's Instructions		
13	Other deductions			
	A Cash contributions (50%)	See the Partner's Instructions		
	B Cash contributions (30%)			
	C Noncash contributions (50%)			
	D Noncash contributions (30%)			
	E Capital gain property to a 50% organization (30%)			
	F Capital gain property (20%)			
	G Contributions (100%)			
	H Investment interest expense	Form 4952, line 1		
	I Deductions — royalty income	Schedule E, line 18		
	J Section 59(e)(2) expenditures	See the Partner's Instructions		
	K Deductions — portfolio (2% floor)	Schedule A, line 23		
	L Deductions — portfolio (other)	Schedule A, line 28		
	M Amounts paid for medical insurance	Schedule A, line 1 or Form 1040, line 29		
	N Educational assistance benefits	See the Partner's Instructions		
	O Dependent care benefits	Form 2441, line 12		
	P Preproductive period expenses	See the Partner's Instructions		
	Q Commercial revitalization deduction from rental real estate activities	See Form 8582 Instructions		
	R Pensions and IRAs	See the Partner's Instructions		
	S Reforestation expense deduction	See the Partner's Instructions		
	T Domestic production activities information	See Form 8903 Instructions		
	U Qualified production activities income	Form 8903, line 7b		
	V Employer's Form W-2 wages	Form 8903, line 17		
	W Other deductions	See the Partner's Instructions		
14	Self-employment earnings (loss)			
Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.				
	A Net earnings (loss) from self-employment	Schedule SE, Section A or B		
	B Gross farming or fishing income	See the Partner's Instructions		
	C Gross non-farm income	See the Partner's Instructions		
15	Credits			
	A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Partner's Instructions		
	B Low-income housing credit (other) from pre-2008 buildings	See the Partner's Instructions		
	C Low-income housing credit (section 42(j)(5)) from post-2007 buildings	Form 8586, line 11		
	D Low-income housing credit (other) from post-2007 buildings	Form 8586, line 11		
	E Qualified rehabilitation expenditures (rental real estate)	See the Partner's Instructions		
	F Other rental real estate credits			
	G Other rental credits			
	H Undistributed capital gains credit	Form 1040, line 71; check box a		
	I Alcohol and cellulosic biofuel fuels credit	Form 6478, line 8		
	J Work opportunity credit	Form 5884, line 3		

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Schedule K-1 (RALPH R. ROBERTS), Supplemental Information  
**Supplemental Information**

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This Schedule K-1 is from an Eligible Small Business.

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Form 1065, Line 20

**Other deductions**

ACCOUNTING	1,083.
ADVERTISING	30,931.
AUTOMOBILE AND TRUCK EXPENSE	34,720.
BANK CHARGES	316.
COMMISSIONS	202,876.
COMPUTER SERVICES AND SUPPLIES	20,306.
CREDIT AND COLLECTION COSTS	27,269.
DUES AND SUBSCRIPTIONS	2,625.
EQUIPMENT RENT	5,315.
INSURANCE	5,597.
LEGAL AND PROFESSIONAL	46,836.
MEALS AND ENTERTAINMENT (50%)	10,442.
OFFICE EXPENSE	33,162.
OUTSIDE SERVICES	42,302.
PERMITS AND FEES	10,556.
POSTAGE	1,028.
TELEPHONE	8,699.
UTILITIES	355.
Total	<u>484,418.</u>

Form 1065, Schedule L, Line 6

**Other Current Assets**

Other Current Assets:	Beginning of tax year	End of tax year
DEPOSITS	0.	1,606.
LOANS TO PARTNER AND AFFILIATES	0.	170,813.
Total	<u>0.</u>	<u>172,419.</u>

Form 1065, Schedule L, Line 13

**Other Assets**

Other Assets:	Beginning of tax year	End of tax year
RENT SECURITY DEPOSIT	0.	2,789.
Total	<u>0.</u>	<u>2,789.</u>

Form 1065, Schedule L, Line 17

**Other Current Liabilities**

Other Current Liabilities:	Beginning of tax year	End of tax year
DEPOSITS	46,000.	204,386.
LOANS FROM AFFILIATED COMPANIES	16,048.	0.
MORTGAGE TAX & INSURANCE ESCROWS	27,677.	28,744.
Total	<u>89,725.</u>	<u>233,130.</u>



Form 1065

Department of the Treasury  
Internal Revenue Service

# U.S. Return of Partnership Income

For calendar year 2011, or tax year beginning \_\_\_\_\_, 2011,  
ending \_\_\_\_\_, 20 \_\_\_\_.  
▶ See separate instructions.

OMB No. 1545-0099

2011

<b>A</b> Principal business activity	<b>Print or type.</b>	Name of partnership	<b>D</b> Employer identification number
SALES		RALPH ROBERTS REALTY, L.L.C.	20-2660635
<b>B</b> Principal product or service		Number, street, and room or suite number. If a P.O. box, see the instructions.	<b>E</b> Date business started
REAL ESTATE		12900 HALL RD. SUITE 190	03/15/05
<b>C</b> Business code number	City or town	State ZIP code	<b>F</b> Total assets (see instrs)
531210	STERLING HEIGHTS	MI 48313	\$ 757,655.

**G** Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return  
(6) ☐ Technical termination — also check (1) or (2)

**H** Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ 2

**J** Check if Schedules C and M-3 are attached ☐

**Caution.** Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>I N C O M E</b>	1a Merchant card and third-party payments (including amounts reported on Form(s) 1099-K). For 2011, enter -0-	1a	0.
	b Gross receipts or sales not reported on line 1a (see instructions)	1b	1,239,966.
	c Total. Add lines 1a and 1b.	1c	1,239,966.
	d Returns and allowances plus any other adjustments to line 1a (see instrs)	1d	
	e Subtract line 1d from line 1c.	1e	1,239,966.
	2 Cost of goods sold (attach Form 1125-A)	2	
	3 Gross profit. Subtract line 2 from line 1e.	3	1,239,966.
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)	4	
5 Net farm profit (loss) (attach Schedule F (Form 1040)).	5		
6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797).	6		
7 Other income (loss) (attach statement)	7		
8 Total income (loss). Combine lines 3 through 7	8	1,239,966.	
<b>S E E D E D U C T I O N S F O R L I M I T A T I O N S</b>	9 Salaries and wages (other than to partners) (less employment credits).	9	350,282.
	10 Guaranteed payments to partners	10	
	11 Repairs and maintenance	11	580.
	12 Bad debts	12	
	13 Rent	13	24,047.
	14 Taxes and licenses	14	43,766.
	15 Interest	15	
	16a Depreciation (if required, attach Form 4562)	16a	6,516.
	b Less depreciation reported on Form 1125-A and elsewhere on return.	16b	
	16c	6,516.	
	17 Depletion (Do not deduct oil and gas depletion.)	17	
	18 Retirement plans, etc	18	
	19 Employee benefit programs	19	14,250.
	20 Other deductions (attach statement) *..STMT	20	668,073.
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21	1,107,514.	
22 Ordinary business income (loss). Subtract line 21 from line 8.	22	132,452.	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

Date

May the IRS discuss this return with the preparer shown below (see instrs)?

☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check

if

PTIN

JOSEPH P. SIRIANNI, C.P.A.

self-employed

P22008933

Firm's name ▶ SIRIANNI &amp; COMPANY, PLLC

Firm's EIN ▶ 26-2721789

Firm's address ▶ 2898 PHEASANT RING DR

ROCHESTER HILLS

MI 48309-2857

Phone no. (248) 375-5201

BAA For Paperwork Reduction Act Notice, see separate instructions.

PTP 0112 10/27/11

Form 1065 (2011)

**Schedule B Other Information**

1 What type of entity is filing this return? Check the applicable box:

- a ☐ Domestic general partnership      b ☐ Domestic limited partnership  
 c ☒ Domestic limited liability company      d ☐ Domestic limited liability partnership  
 e ☐ Foreign partnership      f ☐ Other .....

Yes	No

2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?

	X
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3 At the end of the tax year:

a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership.

X	
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b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership.

	X
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4 At the end of the tax year, did the partnership:

a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below.

	X
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(i) Name of Corporation

(ii) Employer  
Identification  
Number (if any)(iii) Country of  
Incorporation(iv) Percentage  
Owned in  
Voting Stock


b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v) below.

	X
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(i) Name of Entity

(ii) Employer  
Identification  
Number (if any)(iii) Type of  
Entity(iv) Country of  
Organization(v) Maximum  
Percentage  
Owned in Profit,  
Loss, or Capital


	Yes	No
5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		X
6 Does this partnership satisfy all four of the following conditions? a The partnership's total receipts for the tax year were less than \$250,000. b The partnership's total assets at the end of the tax year were less than \$1 million. c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. d The partnership is not filing and is not required to file Schedule M-3	X	
If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
10 At any time during calendar year 2011, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If 'Yes,' enter the name of the foreign country.		X
11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions.		X
12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding section 754 election.		X
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions.		X
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions.		X
13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year) <input type="checkbox"/>		
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in a partnership property?		X
15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions		
16 Does the partnership have any foreign partners? If 'Yes,' enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership.		X
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return		
18a Did you make any payments in 2011 that would require you to file Form(s) 1099? See instructions.	X	
b If 'Yes,' did you or will you file all required Form(s) 1099?	X	
19 Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return		

**Designation of Tax Matters Partner**(see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP	RALPH R. ROBERTS	Identifying number of TMP	
If the TMP is an entity, name of TMP representative		Phone number of TMP	(586) 751-0000
Address of designated TMP	18299 TARA DR. CLINTON TOWNSHIP, MI 48036-3632		

**Schedule K Partners' Distributive Share Items**

		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22) .....	1 132,452.
	2 Net rental real estate income (loss) (attach Form 8825) .....	2
	3a Other gross rental income (loss) .....	3a
	b Expenses from other rental activities (attach stmt) .....	3b
	c Other net rental income (loss). Subtract line 3b from line 3a. ....	3c
	4 Guaranteed payments .....	4
	5 Interest income .....	5
	6 Dividends: a Ordinary dividends .....	6a
	b Qualified dividends .....	6b
	7 Royalties .....	7
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) .....	8
Deductions	9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) .....	9a
	b Collectibles (28%) gain (loss) .....	9b
	c Unrecaptured section 1250 gain (attach statement) .....	9c
	10 Net section 1231 gain (loss) (attach Form 4797) .....	10
Self-Employment	11 Other income (loss) (see instructions) Type ▶ .....	11
	12 Section 179 deduction (attach Form 4562) .....	12
	13a Contributions .....	13a 910.
	b Investment interest expense .....	13b
Credits	c Section 59(e)(2) expenditures: (1) Type ▶ .....	13c (2)
	d Other deductions (see instructions) Type ▶ .....	13d
	14a Net earnings (loss) from self-employment .....	14a 132,452.
	b Gross farming or fishing income .....	14b
	c Gross nonfarm income .....	14c 1,239,966.
	15a Low-income housing credit (section 42(j)(5)) .....	15a
Foreign Transactions	b Low-income housing credit (other) .....	15b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) .....	15c
	d Other rental real estate credits (see instructions). Type ▶ .....	15d
	e Other rental credits (see instructions) .....	15e
	f Other credits (see instructions) .....	15f
	16a Name of country or U.S. possession ... ▶ .....	16a
	b Gross income from all sources .....	16b
	c Gross income sourced at partner level .....	16c
	Foreign gross income sourced at partnership level .....	
	d Passive category ▶ .....	16f
	e General category ▶ .....	
	f Other .....	
	Deductions allocated and apportioned at partner level .....	
	g Interest expense ▶ .....	16h
h Other .....		
Deductions allocated and apportioned at partnership level to foreign source income .....		
i Passive category ▶ .....	16k	
j General category ▶ .....		
k Other .....		
l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> .....	16l	
m Reduction in taxes available for credit (attach statement) .....	16m	
n Other foreign tax information (attach statement) .....		
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment .....	17a 134.
	b Adjusted gain or loss .....	17b
	c Depletion (other than oil and gas) .....	17c
	d Oil, gas, and geothermal properties— gross income .....	17d
	e Oil, gas, and geothermal properties— deductions .....	17e
	f Other AMT items (attach stmt) .....	17f
Other Information	18a Tax-exempt interest income .....	18a
	b Other tax-exempt income .....	18b
	c Nondeductible expenses .....	18c 10,087.
	19a Distributions of cash and marketable securities .....	19a
	b Distributions of other property .....	19b
	20a Investment income .....	20a
b Investment expenses .....	20b	
c Other items and amounts (attach stmt) .....		

BAA

Form 1065 (2011)

**Analysis of Net Income (Loss)**

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16i.						1	131,542.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners							
b Limited partners		26,308.		105,234.			

Schedule L- Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			248,829.		464,788.
2a Trade notes and accounts receivable					
b Less allowance for bad debts					
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities					
6 Other current assets (attach stmt) Ln. 6. Stmt			1,606.		6,932.
7a Loans to partners (or persons related to partners)			170,813.		275,006.
b Mortgage and real estate loans					
8 Other investments (attach stmt)					
9a Buildings and other depreciable assets		27,178.		29,677.	
b Less accumulated depreciation		15,021.	12,157.	21,537.	8,140.
10a Depletable assets					
b Less accumulated depletion					
11 Land (net of any amortization)					
12a Intangible assets (amortizable only)					
b Less accumulated amortization					
13 Other assets (attach stmt) Ln. 13. Stmt			2,789.		2,789.
14 Total assets			436,194.		757,655.
Liabilities and Capital					
15 Accounts payable					
16 Mortgages, notes, bonds payable in less than 1 year					
17 Other current liabilities (attach stmt) Ln. 17. Stmt			233,130.		440,636.
18 All nonrecourse loans					
19a Loans from partners (or persons related to partners)					67,478.
b Mortgages, notes, bonds payable in 1 year or more			74,978.		
20 Other liabilities (attach stmt)					
21 Partners' capital accounts			128,086.		249,541.
22 Total liabilities and capital			436,194.		757,655.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
 Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1 Net income (loss) per books	121,455.	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest ... \$	
3 Guaranteed prmts (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize):		a Depreciation ..... \$	
a Depreciation ..... \$		8 Add lines 6 and 7	
b Travel and entertainment ..... \$ 10,087.		9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	131,542.
5 Add lines 1 through 4	131,542.		

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year	128,086.	6 Distributions: a Cash	
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	121,455.	8 Add lines 6 and 7	
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	249,541.
5 Add lines 1 through 4	249,541.		

Information on Partners Owning 50% or  
More of the Partnership

OMB No. 1545-0099

▶ Attach to Form 1065. See instructions.

Name of partnership

RALPH ROBERTS REALTY, L.L.C.

Employer identification number (EIN)

20-2660635

**Part I** Entities Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3a)

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, tax-exempt organization, or any foreign government that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
ROWLAND FAMILY L.L.C.	32-0075236	LCC	US	99.0000

**Part II** Individuals or Estates Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3b)

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

Form **4562**Department of the Treasury  
Internal Revenue Service (99)**Depreciation and Amortization**  
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

**2011**Attachment  
Sequence No. **179**

Name(s) shown on return

RALPH ROBERTS REALTY, L.L.C.

Identifying number

20-2660635

Business or activity to which this form relates

Form 1065 Line 22

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs.)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	2,499.
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property) (See instructions.)****Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	4,017.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B -- Assets Placed in Service During 2011 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

**Section C -- Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System**

20a Class life				S/L	
b 12-year		12 yrs		S/L	
c 40-year		40 yrs	MM	S/L	

**Part IV Summary (See instructions.)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	6,516.
23	For assets shown above and placed in service during the current year, enter the portion of the depreciation deduction that is attributable to the current year		

2011-06-13 12:19:08:48 Filed 06/13/12 Entered 06/13/12 19:08:48 Page 111 of 120

**Part V Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A — Depreciation and Other Information** (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? .....								Yes	No	24b If 'Yes,' is the evidence written? .....		Yes	No
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost					
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .....								25					
26 Property used more than 50% in a qualified business use:													
27 Property used 50% or less in a qualified business use:													
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .....								28					
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 .....								29					

**Section B — Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. You provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles) .....	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year .....												
32 Total other personal (noncommuting) miles driven .....												
33 Total miles driven during the year. Add lines 30 through 32 .....												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours? .....												
35 Was the vehicle used primarily by a more than 5% owner or related person? .....												
36 Is another vehicle available for personal use? .....												

**Section C — Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? .....	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners. ....		
39 Do you treat all use of vehicles by employees as personal use? .....		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? .....		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) .....		

**Note:** If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year .....					
					43
44 Total. Add amounts in column (f). See the instructions for where to report .....					



**IRS e-file Signature Authorization  
for Form 1065**

OMB No. 1545-2042

Department of the Treasury  
Internal Revenue ServiceFor calendar year 2011, or tax year beginning \_\_\_\_\_, 2011,  
ending \_\_\_\_\_.**2011**

▶ See instructions. Do not send to the IRS. Keep for your records.

Name of partnership

RALPH ROBERTS REALTY, L.L.C.

Employer identification number

20-2660635

**Part I Return Information (Whole dollars only)**

1	Gross receipts or sales less returns and allowances (Form 1065, line 1e).....	1	1,239,966.
2	Gross profit (Form 1065, line 3) .....	2	1,239,966.
3	Ordinary business income (loss) (Form 1065, line 22).....	3	132,452.
4	Net rental real estate income (loss) (Form 1065, Schedule K, line 2).....	4	
5	Other net rental income (loss) (Form 1065, Schedule K, line 3c).....	5	

**Part II Declaration and Signature Authorization of General Partner or Limited Liability Company Member Manager (Be sure to get a copy of the partnership's return)**

Under penalties of perjury, I declare that I am a general partner or limited liability company member manager of the above partnership and that I have examined a copy of the partnership's 2011 electronic return of partnership income and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the partnership's electronic return of partnership income. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the partnership's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission and (b) the reason for any delay in processing the return. I have selected a personal identification number (PIN) as my signature for the partnership's electronic return of partnership income.

General Partner or Limited Liability Company Member Manager's PIN: check one box only

☐ I authorize \_\_\_\_\_ to enter my PIN \_\_\_\_\_ as my signature on the  
ERO firm name do not enter all zeros  
 partnership's 2011 electronically filed return of partnership income.

☒ As a general partner or limited liability company member manager of the partnership, I will enter my PIN as my signature on the  
 partnership's 2011 electronically filed return of partnership income.

General partner or limited liability company member manager's signature ▶ \_\_\_\_\_

Title ▶ LLC MEMBER

Date ▶ \_\_\_\_\_

**Part III Certification and Authentication**ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. 40273722240do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2011 electronically filed return of partnership income for the partnership indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub 3118 IRS e-file Application and Participation, and Pub 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ \_\_\_\_\_ Date ▶ 02/29/2012

ERO Must Retain This Form— See Instructions

Do Not Submit This Form to the IRS Unless Requested To Do So

BAA For Paperwork Reduction Act Notice, see instructions.

Form 8879-PE (2011)



This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

		Code	Report on
1	Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.		
	Passive loss	J	Work opportunity credit
	Passive income	K	Disabled access credit
	Nonpassive loss	L	Empowerment zone and renewal community employment credit
	Nonpassive income	M	Credit for increasing research activities
2	Net rental real estate income (loss)	N	Credit for employer social security and Medicare taxes
3	Other net rental income (loss)	O	Backup withholding
	Net income	P	Other credits
	Net loss		
4	Guaranteed payments	16	Foreign transactions
5	Interest income	A	Name of country or U.S. possession
6a	Ordinary dividends	B	Gross income from all sources
6b	Qualified dividends	C	Gross income sourced at partner level
7	Royalties		Foreign gross income sourced at partnership level
8	Net short-term capital gain (loss)	D	Passive category
9a	Net long-term capital gain (loss)	E	General category
9b	Collectibles (28%) gain (loss)	F	Other
9c	Unrecaptured section 1250 gain		Deductions allocated and apportioned at partner level
10	Net section 1231 gain (loss)	G	Interest expense
11	Other income (loss)	H	Other
	Code		Deductions allocated and apportioned at partnership level to foreign source income
A	Other portfolio income (loss)	I	Passive category
B	Involuntary conversions	J	General category
C	Section 1256 contracts and straddles	K	Other
D	Mining exploration costs recapture		Other information
E	Cancellation of debt	L	Total foreign taxes paid
F	Other income (loss)	M	Total foreign taxes accrued
12	Section 179 deduction	N	Reduction in taxes available for credit
13	Other deductions	O	Foreign trading gross receipts
A	Cash contributions (50%)	P	Extraterritorial income exclusion
B	Cash contributions (30%)	Q	Other foreign transactions
C	Noncash contributions (50%)		
D	Noncash contributions (30%)	17	Alternative minimum tax (AMT) items
E	Capital gain property to a 50% organization (30%)	A	Post-1986 depreciation adjustment
F	Capital gain property (20%)	B	Adjusted gain or loss
G	Contributions (100%)	C	Depletion (other than oil & gas)
H	Investment interest expense	D	Oil, gas, & geothermal — gross income
I	Deductions — royalty income	E	Oil, gas, & geothermal — deductions
J	Section 59(e)(2) expenditures	F	Other AMT items
K	Deductions — portfolio (2% floor)		Tax-exempt income and nondeductible expenses
L	Deductions — portfolio (other)	A	Tax-exempt interest income
M	Amounts paid for medical insurance	B	Other tax-exempt income
N	Educational assistance benefits	C	Nondeductible expenses
O	Dependent care benefits		
P	Preproductive period expenses	19	Distributions
Q	Commercial revitalization deduction from rental real estate activities	A	Cash and marketable securities
R	Pensions and IRAs	B	Distribution subject to section 737
S	Reforestation expense deduction	C	Other property
T	Domestic production activities information		Other information
U	Qualified production activities income	A	Investment income
V	Employer's Form W-2 wages	B	Investment expenses
W	Other deductions	C	Fuel tax credit information
14	Self-employment earnings (loss)	D	Qualified rehabilitation expenditures (other than rental real estate)
	Note, if you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.	E	Basis of energy property
A	Net earnings (loss) from self-employment	F	Recapture of low-income housing credit (section 42(j)(5))
B	Gross farming or fishing income	G	Recapture of low-income housing credit (other)
C	Gross non-farm income	H	Recapture of investment credit
15	Credits	I	Recapture of other credits
A	Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	J	Look-back interest — completed long-term contracts
B	Low-income housing credit (other) from pre-2008 buildings	K	Look-back interest — income forecast method
C	Low-income housing credit (section 42(j)(5)) from post-2007 buildings		
D	Low-income housing credit (other) from post-2007 buildings	L	Dispositions of property with section 179 deductions
E	Qualified rehabilitation expenditures (rental real estate)	M	Recapture of section 179 deduction
F	Other rental real estate credits	N	Interest expense for corporate partners
G	Other rental credits	O	Section 453(f)(3) information
H	Undistributed capital gains credit	P	Section 453A(c) information
I	Alcohol and cellulosic biofuel fuels credit	Q	Section 1260(b) information
		R	Interest allocable to production expenditures
		S	CCF nonqualified withdrawals
		T	Depletion information — oil and gas
		U	Amortization of reforestation costs
		V	Unrelated business taxable income
		W	Precontribution gain (loss)
		X	Section 108(b) information
		Y	Other information

Schedule K-1 (ROWLAND FAMILY, L.L.C.), Supplemental Information  
**Supplemental Information**

This Schedule K-1 is from an Eligible Small Business.	

**Schedule K-1**  
(Form 1065)

Department of the Treasury  
Internal Revenue Service

**2011**

For calendar year 2011, or tax

year beginning \_\_\_\_\_, 2011

ending \_\_\_\_\_, 2011

**Partner's Share of Income, Deductions, Credits, etc.**

► See separate instructions.

**Part I Information About the Partnership**

**A** Partnership's employer identification number  
20-2660635

**B** Partnership's name, address, city, state, and ZIP code  
RALPH ROBERTS REALTY, L.L.C.  
12900 HALL RD. SUITE 190  
STERLING HEIGHTS, MI 48313

**C** IRS Center where partnership filed return  
CINCINNATI, OH

**D** ☐ Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number  
[REDACTED]

**F** Partner's name, address, city, state, and ZIP code  
RALPH R. ROBERTS  
18299 TARA DR.  
CLINTON TOWNSHIP, MI 48036-3632

**G** ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

**H** ☒ Domestic partner ☐ Foreign partner

**I** What type of entity is this partner? INDIVIDUAL

**J** Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	20.00000 %	20.00000 %
Loss	20.00000 %	20.00000 %
Capital	20.00000 %	20.00000 %

**K** Partner's share of liabilities at year end:

Nonrecourse ..... \$ 101,623.  
Qualified nonrecourse financing ..... \$  
Recourse ..... \$

**L** Partner's capital account analysis:

Beginning capital account ..... \$ 36,035.  
Capital contributed during the year ..... \$  
Current year increase (decrease) ..... \$ 24,291.  
Withdrawals and distributions ..... \$  
Ending capital account ..... \$ 60,326.

☒ Tax basis ☐ GAAP ☐ Section 704(b) book  
☐ Other (explain)

**M** Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes", attach statement (see instructions)

☐ Final K-1

☐ Amended K-1

651111  
OMB No. 1545-0099

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
	26,490.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	27.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	2,017.
12	Section 179 deduction	19	Distributions
13	Other deductions		
A	182.	20	Other information
14	Self-employment earnings (loss)		
A	26,490.		
C	247,993.		

\*See attached statement for additional information.

FOR  
IRS  
USE  
ONLY

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

	Code	Report on
<b>1 Ordinary business income (loss).</b> Determine whether the income (loss) is passive or nonpassive and enter on your return as follows.		
Passive loss		
Passive income		
Nonpassive loss		
Nonpassive income		
<b>2 Net rental real estate income (loss)</b>		
<b>3 Other net rental income (loss)</b>		
Net income		
Net loss		
<b>4 Guaranteed payments</b>		
<b>5 Interest income</b>		
<b>6a Ordinary dividends</b>		
<b>6b Qualified dividends</b>		
<b>7 Royalties</b>		
<b>8 Net short-term capital gain (loss)</b>		
<b>9a Net long-term capital gain (loss)</b>		
<b>9b Collectibles (28%) gain (loss)</b>		
<b>9c Unrecaptured section 1250 gain</b>		
<b>10 Net section 1231 gain (loss)</b>		
<b>11 Other income (loss)</b>		
Code		
A Other portfolio income (loss)		
B Involuntary conversions		
C Section 1256 contracts and straddles		
D Mining exploration costs recapture		
E Cancellation of debt		
F Other income (loss)		
<b>12 Section 179 deduction</b>		
<b>13 Other deductions</b>		
A Cash contributions (50%)		
B Cash contributions (30%)		
C Noncash contributions (50%)		
D Noncash contributions (30%)		
E Capital gain property to a 50% organization (30%)		
F Capital gain property (20%)		
G Contributions (100%)		
H Investment interest expense		
I Deductions — royalty income		
J Section 59(e)(2) expenditures		
K Deductions — portfolio (2% floor)		
L Deductions — portfolio (other)		
M Amounts paid for medical insurance		
N Educational assistance benefits		
O Dependent care benefits		
P Preproductive period expenses		
Q Commercial revitalization deduction from rental real estate activities		
R Pensions and IRAs		
S Reforestation expense deduction		
T Domestic production activities information		
U Qualified production activities income		
V Employer's Form W-2 wages		
W Other deductions		
<b>14 Self-employment earnings (loss)</b>		
Note. If you have a section 179 deduction or any partner-level deductions, see the Partner's Instructions before completing Schedule SE.		
A Net earnings (loss) from self-employment		
B Gross farming or fishing income		
C Gross non-farm income		
<b>15 Credits</b>		
A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings		
B Low-income housing credit (other) from pre-2008 buildings		
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings		
D Low-income housing credit (other) from post-2007 buildings		
E Qualified rehabilitation expenditures (rental real estate)		
F Other rental real estate credits		
G Other rental credits		
H Undistributed capital gains credit		
I Alcohol and cellulosic biofuel fuels credit		
<b>Code</b>		
J Work opportunity credit		
K Disabled access credit		
L Empowerment zone and renewal community employment credit		
M Credit for increasing research activities		
N Credit for employer social security and Medicare taxes		
O Backup withholding		
P Other credits		
<b>16 Foreign transactions</b>		
A Name of country or U.S. possession		
B Gross income from all sources		
C Gross income sourced at partner level		
Foreign gross income sourced at partnership level		
D Passive category		
E General category		
F Other		
Deductions allocated and apportioned at partner level		
G Interest expense		
H Other		
Deductions allocated and apportioned at partnership level to foreign source income		
I Passive category		
J General category		
K Other		
Other information		
L Total foreign taxes paid		
M Total foreign taxes accrued		
N Reduction in taxes available for credit		
O Foreign trading gross receipts		
P Extraterritorial income exclusion		
Q Other foreign transactions		
<b>17 Alternative minimum tax (AMT) items</b>		
A Post-1986 depreciation adjustment		
B Adjusted gain or loss		
C Depletion (other than oil & gas)		
D Oil, gas, & geothermal — gross income		
E Oil, gas, & geothermal — deductions		
F Other AMT items		
<b>18 Tax-exempt income and nondeductible expenses</b>		
A Tax-exempt interest income		
B Other tax-exempt income		
C Nondeductible expenses		
<b>19 Distributions</b>		
A Cash and marketable securities		
B Distribution subject to section 737		
C Other property		
<b>20 Other information</b>		
A Investment income		
B Investment expenses		
C Fuel tax credit information		
D Qualified rehabilitation expenditures (other than rental real estate)		
E Basis of real property		
F Recapture of low-income housing credit (section 42(j)(5))		
G Recapture of low-income housing credit (other)		
H Recapture of investment credit		
I Recapture of other credits		
J Look-back interest — completed long-term contracts		
K Look-back interest — income forecast method		
L Dispositions of property with section 179 deductions		
M Recapture of section 179 deduction		
N Interest expense for corporate partners		
O Section 453(f)(3) information		
P Section 453A(c) information		
Q Section 1260(b) information		
R Interest allocable to production expenditures		
S CCF nonqualified withdrawals		
T Depletion information — oil and gas		
U Amortization of reforestation costs		
V Unrelated business taxable income		
W Precontribution gain (loss)		
X Section 108(i) information		

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Schedule K-1 (RALPH R. ROBERTS), Supplemental Information  
**Supplemental Information**

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_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
<u>This Schedule K-1 is from an Eligible Small Business.</u>	_____

Form 1065, Line 20

**Other deductions**

ACCOUNTING	1,496.
ADVERTISING	27,297.
AUTOMOBILE AND TRUCK EXPENSE	8,860.
BANK CHARGES	508.
COMMISSIONS	352,425.
COMPUTER SERVICES AND SUPPLIES	32,929.
CREDIT AND COLLECTION COSTS	49,457.
DUES AND SUBSCRIPTIONS	2,965.
EQUIPMENT RENT	13,308.
INSURANCE	4,180.
LEGAL AND PROFESSIONAL	63,873.
MEALS AND ENTERTAINMENT (50%)	10,088.
MISCELLANEOUS	1,041.
OFFICE EXPENSE	39,639.
OUTSIDE SERVICES	39,151.
PERMITS AND FEES	7,494.
POSTAGE	2,059.
TELEPHONE	7,997.
UTILITIES	3,306.
Total	<u>668,073.</u>

Form 1065, Schedule L, Line 6

**Other Current Assets**

Other Current Assets:	Beginning of tax year	End of tax year
DEPOSITS	1,606.	6,932.
Total	<u>1,606.</u>	<u>6,932.</u>

Form 1065, Schedule L, Line 13

**Other Assets**

Other Assets:	Beginning of tax year	End of tax year
RENT SECURITY DEPOSIT	2,789.	2,789.
Total	<u>2,789.</u>	<u>2,789.</u>

Form 1065, Schedule L, Line 17

**Other Current Liabilities**

Other Current Liabilities:	Beginning of tax year	End of tax year
DEPOSITS	204,386.	402,584.
SECURITY DEPOSITS	0.	20,965.
MORTGAGE TAX & INSURANCE ESCROWS	28,744.	17,087.
Total	<u>233,130.</u>	<u>440,636.</u>